



BUDGET
2009-10

**MINISTERIAL STATEMENT ON EDUCATION,
EMPLOYMENT AND WORKPLACE RELATIONS**

**JOBS, PRODUCTIVITY AND FAIRNESS
— A FOUNDATION FOR RECOVERY**

STATEMENT BY
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12 MAY 2009

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CONTENTS

JOBS, PRODUCTIVITY AND FAIRNESS — A FOUNDATION FOR RECOVERY	1
1. EMPLOYEES AT RISK AND RETRENCHED EMPLOYEES.....	8
Creating fairer and safer workplaces.....	8
Reformed employment services to better assist those in need	11
Building skills for the future	12
Jobs and Training Compact with Retrenched Employees.....	14
Supporting participation	16
Strengthening the safety net	21
2. CHILDREN AND YOUNG PEOPLE	22
Early Childhood Development.....	23
Delivering Excellence in Schooling	26
The Australian Government is Skilling Australia	30
Higher Education	33
Compact with Young Australians	35
3. LOCAL COMMUNITIES.....	39
Tackling disadvantage in the job market	39
Jobless families.....	40
Local approaches to global problems.....	40
Drought assistance initiatives.....	43
Closing the Gap on Indigenous disadvantage.....	44
4. FUTURE DIRECTIONS FOR HIGHER EDUCATION – THE GOVERNMENT’S RESPONSE TO THE REVIEWS OF AUSTRALIAN HIGHER EDUCATION AND NATIONAL INNOVATION SYSTEM.....	50
Vision	50
A landmark reform agenda for higher education	51
Attainment and participation targets.....	52
Student centred funding system.....	52
Funding to support low SES participation	54
Student income support	55
Strengthening research.....	58
Strengthening the system	59
Academic workforce.....	60
A quality system to meet the challenges of the future	61
Performance funding.....	62
A fair deal for australia’s regions	64
Investing in Infrastructure.....	65
Workforce needs of the future.....	67
OS HELP	69
Sustaining Australia’s international education and training	69

JOBS, PRODUCTIVITY AND FAIRNESS — A FOUNDATION FOR RECOVERY

The Rudd Government was elected with a plan to increase Australia's productivity and make it a stronger and fairer nation by delivering:

- the Education Revolution to give Australian children the best possible start in life, to drive equity and excellence in schools across Australia, to match education and training to people's ambitions and to give Australians access to a world class tertiary education and research system
- a better system of matching people, skills and jobs, and
- fair and productive workplaces.

Each of these elements of the Rudd Government's election plan is focussed on jobs today and jobs tomorrow.

To build a better Australia today, the Rudd Government promised to deliver skills and training, better job matching services and a renewed focus on fairness at work. Together, these policies will support Australians to find jobs, get the training needed for higher skilled jobs and develop workplace arrangements to drive fairness and productivity at work.

The Rudd Government also promised Australians that it would put in place the long term reforms necessary to ensure that the Australia of tomorrow is higher skilled, more inclusive and a winner in the global competition for jobs, investment, productivity and prosperity.

The biggest reform necessary to achieve this vision of Australia's future is the Rudd Government's Education Revolution, a set of linked education policy changes.

Higher educated individuals earn more, are less likely to be unemployed and enjoy better health.

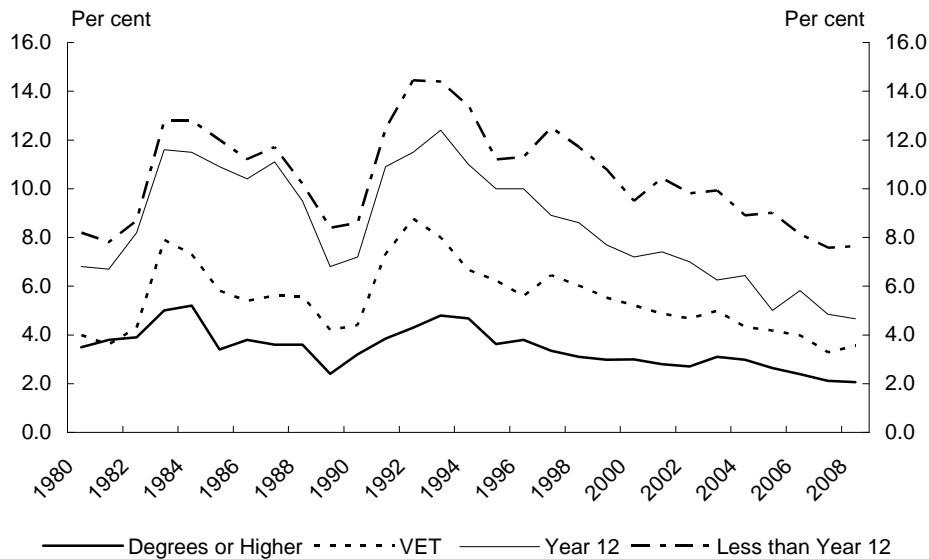
The most recent Australian Bureau of Statistics (ABS) data (*Education and Training Experience, Australia, 2005*) suggests that there is a benefit to individuals in full time employment of about \$100 per week for each extra year of education beyond compulsory schooling.

Those with post school qualifications are also able to work around seven years longer and have higher labour force participation throughout their working life. They enjoy better health and are one third less likely to be obese.

Lifting educational outcomes not only improves the quality of life for individuals but has a positive effect on the broader community and national economy.

Nations with better educated citizens are wealthier nations. The Organisation for Economic Co-operation and Development (OECD) Growth Project has shown that an increase in the average number of years of education in the adult population by one year has a long term effect on GDP per capita of 3 to 6 per cent because individuals with higher levels of education have higher productivity, are far more likely to participate in the labour force, experience lower levels of unemployment and are less affected by economic downturns (see Chart 1).

Chart 1: Unemployment rates by education attainment, 1980–2008¹, original data



Source: ABS Education and Work, Cat no. 6227.0, various years.

The Rudd Government’s first Budget in May 2008 delivered on our election promises and made substantial progress towards realising our vision for a stronger, fairer and more productive society. It set out a clear agenda for creating the Education Revolution for the jobs of today and the jobs of tomorrow.

Last year, like the rest of the world, Australia began to experience the effects of the global economic downturn caused by the global financial crisis. This crisis began in the United States and quickly spread throughout the world's financial systems.

¹ Chart derived using 'school level and highest non-school qualification' data (except for 2001 and 2002 where Highest Education Attainment was used). 'Degrees or higher' refers to attained Bachelor Degree or above; 'VET' refers to Certificate I/II/III/IV/ Advanced Diploma / Diploma / Certificate not further defined; 'Year 12' refers to Year 12 without non-school qualifications and Year 12 with level not determined; and 'Less than Year 12' refers to Year 11 or below without non-school qualifications and Year 11 or below with level not determined.

As a result of the global financial crisis and global recession the economic context has changed radically. The Rudd Government's key focus on the Education Revolution and jobs is now more important than ever as it provides the means to respond rapidly to the worst effects of the global recession and position Australia for the future.

While Australia is better placed than most to weather the global economic storm, the global recession is already having a significant impact on the Australian labour market. Unemployment is rising across the globe and employment growth has stalled at home.

Eight out of Australia's top 10 trading partners are expected to contract in 2009.

The International Monetary Fund (IMF) and the World Bank have recently downgraded the global economic outlook dramatically and Australia is clearly not immune.

The OECD is now forecasting unemployment across advanced economies will increase by around 25 million by the end of 2010.

The US economy shed 663 000 non-farm jobs in March 2009 and the unemployment rate has increased to 8.5 per cent, the highest in more than 25 years. Around 5 million jobs have been lost over the past 12 months.

The Rudd Government has been upfront with the Australian people about the impacts of the global recession on employment.

According to the ABS seasonally adjusted measures, there were over 614 000 unemployed people in April 2009 and the unemployment rate has risen from a low of 3.9 per cent in February 2008 to 5.4 per cent in April 2009.

Chart 2: Unemployment Rate, 1979–2009



Source: ABS, *Labour Force, Australia, Spreadsheets* (Cat.no. 6202.0.55.001).

This rise in unemployment is reflected in an increase in the number of people receiving unemployment benefits. The number of people on Newstart Allowance and Youth Allowance (other) increased from 505 000 in March 2008 to 593 000 in March 2009.

The Rudd Government knows that jobs, skills and education are at the heart of any effective response to the economic downturn. The Rudd Government also understands the human impact of unemployment and that is why we are acting to reduce the burden on the individuals, families and communities hardest hit by the global recession.

The Rudd Government's response to the global recession was quick. To support working families and jobs the Rudd Government acted decisively to introduce the most significant economic stimulus packages Australia has ever seen.

In October 2008 the Government announced a \$10.4 billion Economic Security Strategy to stimulate the economy and support jobs. This strategy added to the Rudd Government's Education Revolution policies by committing \$187 million to create 56 000 extra training places in 2008–09.

In past economic downturns too little had been done to build a skills base for the future so that when the economy began to grow the absence of skilled labour became a capacity constraint on growth. The Rudd Government is directly investing in training places and the skills base during this global recession to help ensure that when the economy recovers the nation has a skilled workforce ready to fill the job vacancies.

Even in the midst of tackling the consequences of the global recession and acting to cushion Australians from its full impact, the Rudd Government continues to focus on the Education Revolution and the jobs of tomorrow.

In November the Education Revolution reforms in the May 2008 Budget were built on through the Council of Australian Governments (COAG). At COAG the Rudd Government and states and territories developed a COAG productivity agenda and agreed to new Education Revolution reforms, totalling around \$3.5 billion over five years from 2008–09. These included National Agreements in education and skills which are delivering a new era of transparency, new resources and a new approach of genuine partnership with states and territories, schools and training providers. In addition, major new Education Revolution reforms were agreed in interlinked National Partnerships in early childhood education, schooling in low socio-economic communities, teacher quality, literacy and numeracy and skills and workforce development, as well as the *Schools Assistance Act 2008*.

In the May 2008 Budget, the Rudd Government had started to address the neglect of tertiary education infrastructure through the \$500 million Better Universities Renewal Fund.

In December 2008 the Rudd Government announced a \$4.7 billion Nation Building package. In acting decisively to stimulate the economy and support jobs the Rudd Government determined that important new investments should be made in the Education Revolution, the jobs of tomorrow and the future productivity of the nation.

A central part of the December stimulus package was an investment of almost \$1.6 billion investment in university, Technical and Further Education (TAFE) and adult and community education infrastructure.

This investment is delivering \$1 billion to rebuild teaching and learning spaces at universities and TAFEs, as well as minor capital and repairs to infrastructure for the adult and community education sector. In addition, \$580 million was allocated to fund 11 major teaching and research infrastructure projects at Australian universities through the Education Investment Fund (EIF).

In February 2009, in its \$42 billion Nation Building and Jobs Plan, the Rudd Government provided further vitally needed economic stimulus to support jobs today while ensuring the resulting infrastructure would support the Education Revolution, the jobs of tomorrow and the future productivity of the nation.

The core of the Nation Building and Jobs Plan is the biggest single school modernisation program ever introduced for Australian schools. The \$14.7 billion program is providing better facilities in every school in Australia as part of the Education Revolution.

Building the Education Revolution has commenced and will:

- build or upgrade large-scale infrastructure, such as libraries and multipurpose halls, in every primary school, special school, and K-12 school in Australia
- build around 500 new science laboratories and language learning centres in high schools with a demonstrated need for upgraded facilities, and
- provide up to \$200 000 to every Australian school for maintenance and renewal of school buildings and minor building works.

The Rudd Government is determined to deliver both the Education Revolution in the classroom through major policy reforms—in the areas of transparency and reporting, quality teaching, additional support for disadvantaged school communities, literacy and numeracy and the development of a national curriculum—and build the Education Revolution through the \$14.7 billion Building the Education Revolution plan, the \$2.5 billion Trades Training Centres plan and the \$2 billion Digital Education Revolution.

This Budget consolidates and builds on the immediate stimulus measures already taken. This Budget also continues the Education Revolution with a particular focus on the future of higher education and research.

This Budget also consolidates and builds on the new support the Rudd Government has made available to people who are looking for work. Those who are retrenched will no longer need to wait before receiving help to get them back into work or into meaningful retraining. The Rudd Government recognises that particular regions and groups within the workforce are always vulnerable during economic downturns. This Budget includes a range of measures to better support the most vulnerable including economically disadvantaged regions and groups such as employees at risk, retrenched employees, Indigenous Australians and young people.

All these measures reflect not only the core values of this Government, but also a well-developed economic strategy designed to help ensure that economic recovery does not result in particular regions or groups being left behind. The Rudd Government's plans and actions are designed to ensure that Australia does not again face capacity and skills constraints in some regions while in others, the long-term unemployed languish on welfare or outside the labour force.

In this Budget the Rudd Government is taking further steps to resource a Jobs and Training Compact which includes employees, young people and communities feeling the impact of the economic downturn. This will require a new way of working by Government, which means having confidence in the strengths and strategies of local communities. It will mean lending a hand to Australians who need help during the global recession.

Australia's future will be based on a skilled workforce, communities that thrive, and families with the security and confidence to develop their own future. Australia's future cannot be assured if we allow any group or region to be left behind.

This Ministerial Statement explains how the Rudd Government's plan has been implemented, not just in the 2009-10 Budget but over the past 12 months since the last Budget. The chapters that follow outline both the initiatives delivered over the last 12 months and measures funded in the 2009-10 Budget.

The chapters relate to three groups at the centre of Government thinking in relation to both the task of economic recovery and the Rudd Government's core agenda of jobs, productivity and fairness:

1. Employees at risk and retrenched employees
2. Children and young people
3. Local communities

The final chapter details the Rudd Government's response to the Bradley Review and its major reform plans for the future of higher education and research. Investing in tertiary education and research is a key part of the Government's Education Revolution and productivity reform agenda and is imperative to prepare for the jobs of the future.

The May 2009 Budget builds on the work of the Rudd Government to date to support Australians and Australian jobs today during the global recession while investing in the jobs and Australia of tomorrow.

A handwritten signature in black ink that reads "Julia Gillard". The signature is written in a cursive, flowing style with a horizontal line under the name.

The Honourable Julia Gillard MP
Deputy Prime Minister
Minister for Education
Minister for Employment and Workplace Relations
Minister for Social Inclusion

12 May 2009

1. EMPLOYEES AT RISK AND RETRENCHED EMPLOYEES

As the global recession hits Australia, the Australian Government is determined to support Australian jobs and the Australians who find themselves out of a job. The Government will not give up on those who lose their jobs due to the global recession.

Providing a fair and flexible work environment that meets the needs of employees and employers is critical. The existence of such a work environment enables employees and employers to design together the workplace arrangements that best support jobs, productivity and fairness.

For those who lose jobs, the Government's aim must be to get people back into employment quickly. This means connecting them with jobs for which they are already skilled or supporting people to retrain for occupations in demand and for the jobs of tomorrow.

Through the workplace, jobs and training initiatives outlined in this chapter, the Government will ensure that we continue to build the national skills and capacity base allowing Australia to grow stronger and fairer as the economy recovers.

CREATING FAIRER AND SAFER WORKPLACES

The passage of the Fair Work Bill 2008 through the Parliament on 20 March 2009 marked the major milestone in the creation of a fair and balanced workplace relations system. The new workplace relations system is designed to balance the needs of employees and employers to ensure Australia is competitive and prosperous without taking away workplace rights and guaranteed minimum standards. Reflecting the Government's commitment to cooperative workplace relations, the *Fair Work Act 2009* was the product of extensive consultation with a wide range of stakeholders.

Employers and employees who operate within the federal workplace relations system will be covered by the new laws, which will start on 1 July 2009. Consistent with the Government's election policy commitments, the National Employment Standards and modern awards start on 1 January 2010.

The *Fair Work Act 2009* delivers on key government election commitments, and will put in place a new workplace relations system built on:

- a fair and comprehensive safety net of minimum employment conditions
- a system that has at its heart collective bargaining in good faith at the enterprise level driven by productivity gains
- protections from unfair dismissal for all employees

- protection for the low paid
- a balance between work and family life, and
- the right to be represented in the workplace.

There is a clear body of evidence linking collective bargaining with higher rates of productivity growth. Collective bargaining enables employers and employees to negotiate arrangements best suited to their particular needs and to respond to external pressures such as the global economic situation.

In the new system, collective bargaining will be underpinned by a modern safety net, comprising the legislated National Employment Standards and modern awards. The Australian Industrial Relations Commission (AIRC) is currently developing modern awards to operate from 1 January 2010. Modern awards will provide minimum terms and conditions of employment for particular industries and occupations. Transitional provisions in modern awards will provide for any changes to employment standards to be phased in over five years.

Award modernisation is an important national reform that has been pursued for decades. Having awards made on a national basis allows businesses to compete on an equal footing and provides simplicity for employers, especially those operating across state boundaries. For employees, award modernisation ensures that, together with the Australian Government's 10 National Employment Standards, employees have minimum entitlements that are easy to identify and understand.

The Government is continuing to work with states and territories to put in place a national workplace relations system for the private sector, whether through the referral of powers by states or through states putting in place legislation that mirrors the *Fair Work Act 2009*. A national workplace relations system for the private sector will reduce complexity for employees, employers and small businesses.

Establishment of Fair Work Australia

\$149.7 million

In this Budget the Government is delivering a fair workplace relations system by establishing Fair Work Australia, the new independent workplace relations umpire.

By streamlining services to better meet the needs of employers and employees, savings of \$97.5 million over two years will be achieved.

Fair Work Australia will begin operating on 1 July 2009 to support the commencement of the new workplace relations laws. It will be a modern accessible body based on a user-friendly culture that moves away from the adversarial and often legalistic processes of the past in favour of less formal processes. The focus will be on providing fairness, efficiency and excellent levels of service to users of the system.

The Office of the Fair Work Ombudsman will provide practical information, advice and assistance on workplace issues and best practice and ensure compliance with workplace laws. These arrangements will ensure a seamless service to all users of the workplace relations system.

Under Work Choices, employers, employees and their representatives were required to navigate their way through seven separate Australian Government agencies to find the right information and advice. These complex arrangements were set to cost taxpayers more than \$300 million each year.

Fair Work Australia and the Office of the Fair Work Ombudsman will be established in every state and territory with a total commitment of \$966.5 million over four years, a saving of \$197.9 million compared to previous arrangements. Both will begin operating from 1 July 2009 to support the commencement of the new workplace relations laws.

The Fair Work Education and Information Program

\$14.3 million

To help employees, employers and small businesses understand the new workplace relations system, in this Budget the Government is supporting a targeted education and information program. The Fair Work Education and Information Program will cost \$14.3 million and provide grants to selected community, employee, employer and small business organisations. The grants will be used to provide information and education services to employees, employers and small business operators about the *Fair Work Act 2009* and how it will affect them.

The Australian Government also went to the last election with a commitment to safer workplaces through the implementation of harmonised occupational health and safety legislation across all jurisdictions. For decades, successive governments have unsuccessfully pursued this significant reform. However, in July last year the Council

of Australian Governments (COAG) signed an historic Intergovernmental Agreement for Regulatory and Operational Reform in Occupational Health and Safety. The timetable set by COAG for the implementation of harmonised arrangements is 2011.

The implementation of harmonised arrangements will boost productivity through improved safety performance and reduced red tape and compliance costs. Improved safety performance also has significant social benefits through fewer injuries and trauma for employees and their families.

Safe Work Australia is developing model occupational health and safety legislation under the auspices of the Workplace Relations Ministers' Council.

REFORMED EMPLOYMENT SERVICES TO BETTER ASSIST THOSE IN NEED

On coming to office, the Government announced it would review existing employment services. The aim was to introduce new, simpler, more effective and equitable services nationally. The Government undertook reviews relating to general employment services, services provided to people with disability as well as employment services specifically for Indigenous job seekers. The effect of the global recession has increased the importance of these reviews and made the implementation of new, more effective services both critical and timely.

Job Services Australia: People, Skills and Jobs

A new national employment services system, Job Services Australia, will commence on 1 July 2009. It will provide the right mix of training, work experience and other interventions to help job seekers, particularly the disadvantaged, obtain suitable employment. Under Job Services Australia job seekers will receive assistance tailored to their individual needs and level of disadvantage. Job Services Australia will support job seekers to access training and provide financial incentives for brokers to connect people to training, work experience and other assistance required to enable them to find employment. The Government is investing \$4.9 billion over three years in this new system.

Job Services Australia services will be delivered in more than 2000 sites across the nation, an increase of 200 sites on the current system. Some 140 providers will be contracted to deliver services through 116 individual contracts. These providers will be supported by up to 110 subcontractor arrangements. The Government has ensured that the most disadvantaged job seekers are supported, with 63 organisations delivering specialist services including for young people, the homeless, those with mental illness, people from culturally and linguistically diverse backgrounds and ex-prisoners. In addition, over 25 Indigenous organisations have been contracted to deliver specialist or general employment services under Job Services Australia. Reforms to the Indigenous Employment Program are discussed later in this statement.

Disability Employment Services

From 1 March 2010 the Government will be implementing new Disability Employment Services at a cost of \$1.2 billion (between 1 March 2010 and 30 June 2012). Under the reforms, places will be demand driven and all job seekers with disability will have access to individually tailored employment services. Participants will receive more personalised employment services better suited to their needs and with stronger links to skills development and training. A new Employee Assistance Fund will better support employers with broader access to workplace modifications and Auslan interpreting services. The new service also provides better support for employees with episodic disability, including mental health issues.

Employer Brokers

Even in a downturn there are still labour and skill shortages in particular locations and industries.

As part of Job Services Australia, a panel of Employer Brokers has been established to ensure that employment services have a strong focus on matching the needs of job seekers with the labour requirements of employers. Brokers will coordinate and target the efforts of employment services providers to better match the labour needs of employers with appropriate job seekers. A first round call for Employer Broker proposals has been issued and outcomes will be announced shortly.

BUILDING SKILLS FOR THE FUTURE

The Government is working with industry to meet the workforce needs of today and tomorrow through initiatives such as the Productivity Places Program.

In past economic downturns too little has been done to build a skills base for the future so that when the economy began to grow the absence of skilled labour became a capacity constraint on growth. The Australian Government is investing in our skills base during this global recession to help ensure that when the economy recovers the nation has a skilled workforce ready to fill the job vacancies of employers.

The \$2 billion Productivity Places Program is a major long term commitment that will deliver more than 711 000 training places over five years. The Australian Government and state and territory governments have committed to delivering this program through a National Partnership that will support enhanced skills training in a difficult economic climate.

The Productivity Places Program provides participants with new skills and qualifications that can lead to a pathway of further training or employment. Under the program, up to 392 000 places are for existing employees to obtain new qualifications and up to 319 000 places are for job seekers to acquire job-ready skills demanded by

industry. Of the 66 000 additional training places announced for the program since 14 October 2008, some 20 000 training places are available to recently retrenched employees to acquire new skills.

Training and Learning Bonus

Students in receipt of a student income support payment at 3 February 2009 received a one off Training and Learning bonus of \$950 in addition to their normal income support payment from Centrelink in the fortnight commencing 24 March 2009.

A Bonus payment of \$950 was also made to recipients of the Education Entry Payment (EdEP), in addition to the current EdEP of \$208. This bonus is available to eligible recipients who commence a course of approved study between 1 January 2009 and 30 June 2010. The initiative also includes a temporary extension of EdEP to Youth Allowance (other) recipients and the relaxation of eligibility requirements to reduce the current qualifying period for all eligible recipients from 12 months to four weeks for this period. Bonus payments have also been made under administrative arrangements to students who enrolled in full-time study for Semester 1 2009, but who were not in receipt of income support at 3 February 2009.

Additional Training and Learning Bonus payments will be made available to young people returning to education or training as a result of the change to participation requirements for Youth Allowance (other). Training and Learning Bonus payments will also be available to some recipients of Newstart and Parenting Payment who qualify for a Training Supplement payment.

These payments effectively provide unemployed Australians with a 'sign on' bonus for undertaking training and education.

Training Supplement

\$74.1 million

This Budget introduces a new Training Supplement to provide support for low skilled unemployed people receiving Newstart Allowance and Parenting Payment (for example, people without Year 12 or an equivalent qualification) to undertake approved education and training. This Supplement will ensure that unemployed workers who are at risk of long-term unemployment receive:

- an Education Entry Payment and Training and Learning Bonus (\$1158)
- a \$41.60 supplement per fortnight to study, and
- incentives to access appropriate training including through the Productivity Places Program.

For a six month course these benefits are equivalent to an additional \$65 per week and for a twelve month course an additional \$43 per week.

JOBS AND TRAINING COMPACT WITH RETRENCHED EMPLOYEES

The Government is determined to support people who lose their jobs. This commitment is embodied in the Jobs and Training Compact with retrenched employees recently announced by the Government.

As part of this compact, retrenched employees will be provided with additional support so that they can participate in training and other activities that will help them maintain their existing skills or enable them to retrain with new skills so they will be prepared when the economy recovers.

Australian employees made redundant can now receive immediate and personalised assistance from employment service providers to help them get back into the workforce. This assistance includes career advice, comprehensive skills assessments, assistance with job applications and skills development training.

This immediate access to employment services is supplemented by additional training and pre-vocational support measures. Together, these initiatives will provide retrenched employees with the opportunity to gain and improve their work skills.

While unemployment is rising, some sectors of the economy are experiencing a shortage of suitably skilled employees. The new training places will provide an opportunity for employees who have been made redundant to re-train in areas of skill need.

The Government has also amended the *Social Security Act 1991* to increase the Liquid Assets Waiting Period thresholds to allow people with modest levels of liquid assets to access income support sooner. The changes will enable people claiming income support quicker access to payments and allow claimants to retain more of their savings. The new thresholds will apply for a two year period from 1 April 2009 to 31 March 2011 and will be reviewed before the end of this period.

The Government has reached an agreement with the major banks to assist borrowers who are experiencing financial difficulty as a result of the global recession. This agreement will provide mortgage relief for people who lose their jobs. It means the banks will be able to offer a range of assistance to people with mortgages who lose their jobs and fall into financial hardship. Under the agreement the four major banks will be providing maximum flexibility for borrowers suffering temporary hardship through enforced unemployment for the 12 month period ahead. The banks will make assessments based on the borrowers' ability to meet new contractual obligations in the long term.

The Government is committed to ensuring that the new measures for retrenched employees can be easily accessed and deliver what they are intended to deliver. To this end, the Government is providing a new information and advisory service to make it easier for job seekers to access the available support services.

A Compact with Retrenched Workers

Early access to intensive employment services

\$298.5 million

The Government has this year committed a further \$298.5 million to ensure that employees recently made redundant will be eligible for intensive employment services. This brings the total funding for employment services delivered through Job Services Australia to \$4.9 billion over three years.

Access to these services has been available from 1 April 2009 for all employees made redundant on or after 24 February 2009. This measure will cease on 31 March 2011.

From 1 April to 30 June 2009, early access is being provided through existing Job Network services. From 1 July 2009 this assistance will be provided through Job Services Australia. Employees made redundant will receive immediate personalised assistance, career advice, referral to available training places and job search help. They will have access to a personal Employment Pathway Plan that will set out the services and training that they need to find and keep a job. The Employment Pathway Plan is underpinned by a \$550 credit to pay for the specific assistance that the job seeker needs.

Additional training places for retrenched employees

\$77.2 million

In addition to early access to personalised employment services, the Government will invest a further \$77.2 million in 10 000 new training places at the Certificate III level and above in the Productivity Places Program. This will bring the total number of extra specifically designated places for displaced employees to 20 000. It will ensure those who are vulnerable have the skills they need to adapt to changing economic circumstances and meet the labour needs of employers, now and in the future.

Pathway to Skills: Australian Apprenticeships Access Program

\$3.5 million

An additional \$3.5 million has been provided to fund 1850 more places in the Australian Apprenticeships Access Program for pre vocational training and support for retrenched employees aged 25 and over.

Building the basics—foundation skills

\$28.2 million

An additional \$28.2 million has already been provided to fund 5888 language, literacy and numeracy training places for retrenched employees over 25 to build on their foundation skills as well as initiatives for the language, literacy and numeracy teaching workforce. This will ensure highly skilled and qualified practitioners are available to deliver adult literacy training.

Changes to the Liquid Assets Waiting Period

\$25.6 million

This year, the Australian Government introduced changes to the Liquid Assets Waiting Period to give retrenched employees claiming income support faster access to income support payments and enable claimants to retain more of their savings. The Government has doubled the threshold for liquid assets to \$5000 for singles without dependants or \$10 000 for others for a two year period from 1 April 2009 to 31 March 2011.

Connecting People with Jobs Service

\$5.2 million

The Connecting People with Jobs Service will establish a one-stop shop to provide information and advisory support to Australians seeking education and employment options through an integrated web and telephone service. This will be an expert advisory service able to provide considered advice and assistance tailored to individual circumstances. An in-depth knowledge management system will provide a self service online tool integrated with a telephone service for individual support, including translation services.

SUPPORTING PARTICIPATION

While the global economic storm is currently hitting this country and creating unemployment, our nation must continue to address the future challenge of the ageing of society and our workforce. In 2007, the aged-to-working-age ratio (the proportion of people aged over 65 to people of traditional working age, 15-64) was almost 20 per cent. This is projected to rise to over 42 per cent by 2047. Over the same period, the child-to-working-age ratio (the proportion of people aged under 15 to those aged 15-64) is projected to fall by slightly over 3 percentage points. In 2007 there were five people of working age to support every person aged 65 and over. By 2047, there will only be 2.4 people of working age supporting each person aged 65 and over.

Consequently, Australia must address the challenge of increasing the percentage of working age adults who are available to work and in work. Increasing our workforce participation rate will assist in mitigating the increased dependency ratio caused by ageing.

The Government is implementing a range of policies to encourage parents and others to participate in training and employment to increase our ability to meet the challenges of ageing.

Paid Parental Leave

Australia is one of only two developed countries without paid parental leave. The Australian Government's new national paid parental leave scheme will bring Australia in line with most other OECD countries in providing comprehensive paid parental leave.

The government funded scheme largely adopts the recommendations of the Productivity Commission in its March 2009 final report. This report shows that up to one third of mothers employed before childbirth return to work within six months of the birth. The scheme will help parents spend time with their newborns and enhance maternal and child health development.

By international standards, workforce participation by Australian women is low during prime childbearing years. Almost one fifth of mothers in paid work resign around childbirth and many mothers return to work part-time. The scheme will encourage greater long-term workforce participation by parents and also promote gender equity and work-life balance in the community.

The government-funded scheme also recognises the difficulties experienced by businesses in the current economic climate and imposes minimal new costs on employers. In addition, businesses will benefit in the long term from increased workforce participation of parents and retention of skilled staff.

Paid Parental Leave

\$730.7 million

Australia's first comprehensive paid parental leave scheme will provide 18 weeks of postnatal leave, which can be shared between both parents, paid at the adult federal minimum wage (currently \$543.78 per week).

Those eligible will include individuals in paid work earning less than \$150 000 per annum who have worked continuously for at least 10 of the 13 months prior to the expected date of birth or adoption and for at least 330 hours. This equates to someone working about one day a week.

Working women with access to employer funded paid parental arrangements will be able to access the Government's scheme in conjunction with these arrangements.

All new mothers who are not eligible for Paid Parental Leave will continue to receive family assistance (including the Baby Bonus) from Centrelink.

The scheme will be funded in this Budget and implemented from 1 January 2011, and will have a net cost to Government of \$730.7 million over five years. The scheme builds on those elements of the new workplace relations system which will assist parents, in particular the National Employment Standards.

Other measures to support participation

The Government will also introduce other measures to increase participation of parents and specific groups of disadvantaged people.

More flexible participation requirements for parents \$26.8 million

This initiative will help parents more effectively balance their income support payment participation activities with their family responsibilities.

It will provide a number of positive changes to parents' participation requirements. Low income parents will get greater opportunities to gain additional skills and qualifications to assist them in their efforts to find suitable paid work once their children are at school. The measure will also give parents more scope to focus on their family's needs when higher-than-usual caring responsibilities prevent them from successfully engaging in study or work.

The initiative will provide more flexible methods for parents to report their earnings and participation efforts to Centrelink through expanded access to telephone-based Integrated Voice Recognition and web-based channels.

This 2009-10 Budget initiative responds to the report from the Participation Review Taskforce, chaired by Ms Patricia Faulkner AO, which was tasked by the Government to examine how to better balance participation requirements for parents and mature age employees with their family and community responsibilities.

Job Capacity Assessment program – transfer to DEEWR \$697.0 million

This Budget provides for the responsibility for the Job Capacity Assessment program to be transferred from the Department of Human Services to the Department of Education, Employment and Workplace Relations (DEEWR) from 1 July 2009. This will improve coordination of the assessment and support for people with disability and other barriers to work. The net increase in funding for this program this Budget is \$183.2 million.

A Job Capacity Assessment is a single, comprehensive assessment of a person's capacity to work. The assessment identifies any barriers to work and any interventions that may be needed to help them overcome these barriers.

Disability Support Pension Employment Incentive Pilot \$6.8 million

This pilot, funded in this Budget and to start on 1 March 2010, will be established to trial a new way of encouraging employers to provide sustainable jobs of at least eight hours a week to people who receive the Disability Support Pension. These people are among the most highly disadvantaged in the labour market.

Employers who provide a job to a person receiving the Disability Support Pension will receive an employment incentive of \$3000 after the person has been in employment for six months. Employment incentives will be available for up to 1000 jobs.

One of the most impenetrable barriers to employment for people with disability is the persistence of myths about the safety and productivity of people with disability. By providing jobs to people who receive the Disability Support Pension, employers can gain a positive experience of employing people with disability, who will in turn get the chance to demonstrate that they can do the job. The pilot is part of the National Mental Health and Disability Employment Strategy.

Disability Support Pension Review: impact on DEEWR programs \$275 million

Assessment processes for the Disability Support Pension, including the Impairment Tables, will be reviewed and improved.

Changes will ensure that people who are seeking income support and who are able to work part-time, receive a more appropriate income support payment instead of receiving the Disability Support Pension. If they receive an activity-tested payment, they will be required to participate in activities that improve their chances of finding work.

This will result in additional cost for DEEWR programs, including employment services and activity tested payments such as Newstart Allowance.

This measure is an overall net saving to the budget of \$7.2 million.

Changes to employment services to more effectively support job seekers into work

In February 2009 the Minister for Employment Participation announced funding of \$21 million in the 2008 09 Budget to support changes to the Job Network contract to more effectively support job seekers into work. This initiative comprises:

- a one-off adjustment to the quarterly service fees paid to Job Network providers, as rapid increases in job seeker numbers have exceeded the current formula for payment, and
- in light of reduced job vacancies, allowing extra time for Job Network to find alternative work for job seekers and still qualify for an outcome payment, to apply for a period of two years.
- more flexibility and reduced red tape in the use of Job Seeker Account funding for assisting job seekers into work. This increased the immediate ability of providers to deliver quality assistance to job seekers at a time of increasing concerns with unemployment.

STRENGTHENING THE SAFETY NET

Changes to the Assets Test Hardship Provisions for non-student income support payments **\$4.2 million**

As part of this Budget, changes will be made to make it easier for people to access income support where they have assets that cannot be realised, by increasing the amount of readily available funds a person without children can have from the current level of \$6000 to \$11 785.80 from 1 July 2009. Comparable thresholds for single people with children and allowance couples will also be increased.

General Employee Entitlements and Redundancy Scheme

Where employees lose their job as a result of their employer going into bankruptcy or liquidation and there are insufficient funds to pay their outstanding entitlements, the Australian Government provides protection for certain employee entitlements under the General Employee Entitlements and Redundancy Scheme (GEERS). While it is difficult to forecast the impact of the global recession on the expenditure of GEERS, DEEWR has recently recorded an increase in demand for GEERS. As such, the GEERS appropriation was increased by \$70 million (to \$152.8 million) through the Portfolio Supplementary Additional Estimates Statements to support the projected increase in demand for GEERS.

2. CHILDREN AND YOUNG PEOPLE

The Australian Government is committed to providing every young Australian with the support they need to make a positive and confident start in life and to reach their full potential.

At the same time, the Government recognises that the future prosperity of this nation depends on increasing the skills, capacity and knowledge of our people. The Government is committed to ensuring the Australia of tomorrow is higher skilled, more inclusive and a winner in the global competition for jobs, investment, productivity and prosperity.

The key reform necessary to achieve this vision of Australia's future and to offer the best start in life for every young Australian is the Education Revolution, a set of linked education reforms today which will give us the jobs and prosperity of tomorrow.

The Education Revolution involves fundamental reforms and unprecedented investments to ensure that Australia develops into one of the most highly skilled and productive nations in the world.

Optimal early childhood development, together with the basic literacy and numeracy skills developed in school, provide the foundation skills that contribute to a more productive and socially inclusive society.

The road to a more productive Australia starts as soon as children are born. Early childhood education sets the foundation for learning and wellbeing throughout life. Investment in early childhood education is a long-term investment in the future. This is because of the significant benefits that flow to individuals, families and national economies through improved learning and skills, increased participation in the labour force and reduced public expenditure on welfare, health and crime.

The Australian Government is investing in a high-quality schooling system in every community that will enable Australian students to meet the challenges of the future. It is education that helps people to deal with difficult times and it is education that will generate prosperity when the economy starts to grow again and for the long term.

In addition to early childhood and school education, the Government's Education Revolution extends to a strong national training system that delivers economic and social benefits to individual students, industry and business and obtains value for investment. The Australian Government and the state and territory governments have been working with industry to develop a training system that provides Australians with the vocational skills they need to enter or re-enter the workforce and to up-skill.

The Australian Government is also committed to the Education Revolution in higher education with a sweeping reform agenda to equip Australia's universities for the years to come (see Chapter 4).

The jobs and prosperity of tomorrow depend on the Education Revolution being delivered by the Australian Government today and through this Budget.

EARLY CHILDHOOD DEVELOPMENT

Universal Access to Preschool

In November 2008, the Council of Australian Governments (COAG) endorsed a major new National Partnership on Early Childhood Education. This agreement has a specific focus on quality preschool education for disadvantaged and Indigenous children. The National Partnership provides \$970 million in Australian Government funding over five years (2008–09 to 2012–13) to support universal access to a preschool program delivered in the year before full-time schooling, by 2013. It represents the first major injection of government funding for the education of preschool children since the 1970s.

Children and Family Centres

Early childhood development and family support programs are known to improve outcomes for disadvantaged children, including Indigenous children. The Australian Government is providing \$293 million for the establishment of 35 Children and Family Centres in areas with high Indigenous populations. The Centres will provide integrated early learning, child care, parent/family support. This initiative is being implemented under the Indigenous Early Childhood Development National Partnership.

National Early Childhood Development Strategy

The Australian Government has worked with state and territory governments to develop the National Early Childhood Development Strategy. It will embrace a child-centred perspective and identify the early childhood development outcomes that governments are seeking to achieve for all children by 2020. This Strategy is expected to go to COAG in July 2009.

Other measures

The Government has made a commitment to improve early childhood learning and care to ensure that children are given the best start in life. Work is progressing on a range of measures including:

- an Early Years Learning Framework (\$2.5 million in 2008–09)

- a National Quality Framework for Early Childhood Education and Care (\$5.7 million in 2008–09)
- a commitment to improve outcomes for Indigenous children and other disadvantaged groups.

The Government has also committed to establishing up to 260 additional early learning and care centres in areas of unmet demand for child care. These centres will provide integrated early learning and care in a long day care setting that takes into account the specific requirements of the local community.

This initiative is to be delivered in two phases. In phase one, the Government has allocated \$114.5 million over four years in the 2008–09 Budget to establish the first 38 centres in priority locations (including six autism-specific centres). This funding includes both the capital costs and the ongoing costs of establishing additional child care places, including the Child Care Benefit (CCB) and the Child Care Tax Rebate (CCTR).

The remaining up to 222 early learning and care centres will be considered when the child care market is settled and based on the experience of the priority centres.

The Government has also committed \$32.5 million over five years to implement the Home Interaction Program (HIP) nationally across 50 disadvantaged communities. HIP is a two-year, home-based early childhood program that aims to assist disadvantaged three to five-year-old children by providing home tutors, books and associated educational resources to help parents improve children's school readiness.

COAG has endorsed the Australian Early Development Index (AEDI) as a national progress measure of early childhood development. The Australian Government has invested \$20.2 million in the first national rollout of the AEDI in 2009. The results from the AEDI collection will build a comprehensive picture of the health and development of children at the local level. Communities can then use this information to better target support services to ensure children have the best possible start in life.

Child care costs

The Australian Government is investing \$12.8 billion over the next four years to help 800 000 Australian families with the cost of approved child care.

The CCB alone will deliver \$8.4 billion over four years to reduce child care costs. In addition, the CCTR will provide \$4.4 billion over four years to assist working families with their out-of-pocket child care costs.

This consolidates last year's Budget announcement for CCTR where from July 2008 the rebate increased from a maximum \$4354 to up to \$7500 per child per year. This now covers 50 per cent of out-of-pocket costs, up from 30 per cent prior to July 2008. The

rebate is also payable quarterly, closer to when child care costs are incurred. The 2008 Budget also extended Jobs Education and Training Child Care Fee Assistance to two years, or the part-time equivalent, for parents undertaking approved full-time study, regardless of the length of their course.

Responsiveness to parents

The Government has responded decisively to the needs of parents and children affected by the failure of ABC Learning by providing up to \$58 million in 2008-09 to support the operation of 262 loss-making ABC centres which would have otherwise closed as a result of the company's insolvency. This funding is also supporting an orderly process for seeking new operators for the centres, or alternative care for the affected families, wherever possible.

The Government will continue to support high-quality early childhood education and child care in this Budget through a range of initiatives:

Child care estimator

\$2.5 million

The Government will invest a total of \$2.5 million over the next four years to introduce a child care estimator which will allow families to estimate the dollar value of their entitlements, as well as their out of pocket child care costs. An additional \$2.5 million has been provided in this Budget for the estimator. The estimator will allow parents to be better placed to make informed decisions regarding child care and associated education, training and workforce participation options. The estimator will be available at www.mychild.gov.au from 1 January 2010.

Crèches in Northern Territory communities

\$9.1 million

\$9.1 million over three years has been allocated to provide operational funding for eight new crèches, which have already been established, as well as capital and operational funding for a ninth new crèche and capital funding to upgrade two more existing crèches. These new crèches are in communities that previously had little or no access to early childhood programs for children under five years.

Reform of Special Child Care Benefit as part of National Child Protection Framework

\$36.6 million

This reform will give greater clarity to the definition of 'at risk' to better assist services to recognise where a child is eligible for Special Child Care Benefit and increase awareness of the availability and application of the benefit. The improvements are expected to increase usage of the benefit and enable children at risk to access the developmental benefits of quality child care.

DELIVERING EXCELLENCE IN SCHOOLING

COAG—National Education Agreement

In November 2008, the Government agreed through COAG a package of fundamental reforms to school education to drive the Education Revolution in all Australian schools.

These reforms are interlinked and being driven through the National Education Agreement (NEA), the *Schools Assistance Act 2008* and National Partnerships (NPs).

The Government's Education Revolution is for all schools. This major reform agenda is supported by unprecedented new resources for capital and equipment through the Building the Education Revolution program, Trades Training Centres program and the Digital Education Revolution as well as an unprecedented injection of funds for recurrent costs for schools.

The Education Revolution reform agenda combines the power of a new era of school transparency—enabling for the first time ever the public comparison of like schools—with new ways of driving better educational outcomes through new measures to improve teacher quality, address educational disadvantage, improve literacy and numeracy and implement a new quality national curriculum.

Today's school children will be the working Australians of tomorrow. Consequently, each child must be able to acquire through high-quality schools the knowledge and skills to participate effectively in society and employment in the economy of the future.

The NEA and NPs will provide \$18 billion to the states and territories for government schools from 2009 to 2012. This includes an additional \$635 million (2008–09 to 2012–13) to end the arbitrary distinction between investment in government primary and secondary schools by aligning the primary and secondary proportions of Average Government School Recurrent Costs (AGSRC). Funding for non-government schools is being delivered through the *Schools Assistance Act 2008* and will see \$28.1 billion delivered from 2009 to 2012.

Improving Teacher Quality

Teacher quality is the single greatest influence on student engagement and achievement in school. To drive quality improvements and to better support Australia's teacher workforce, the Australian Government is investing \$550 million through the Smarter Schools: Improving Teacher Quality National Partnership to help attract the best and brightest into teaching, create new incentives for teachers to

improve quality and to help develop and retain quality teachers and leaders in schools. Of this, \$50 million will be directed at professional development and at supporting principals to better manage their schools and achieve improved student results.

Literacy and Numeracy

In May 2008, the Australian Government announced \$577.4 million for the National Action Plan on Literacy and Numeracy. The Government is delivering key initiatives to improve literacy and numeracy outcomes for those students most in need of support, in government and non-government schools.

More than 400 schools are already engaged in pilot initiatives to identify strategies that work best in improving the literacy and numeracy performance of students in disadvantaged communities. Working collaboratively with states and territories, the Australian Government has invested around \$40 million in 30 pilots to trial or expand initiatives that will guide systemic change in literacy and numeracy.

These pilots are already driving change at the school level. As a result of this investment, there is already increased collaboration across sectors and jurisdictions, and the sharing of information on what works. This is critical to building an evidence base of how student achievement can best be supported, particularly for disadvantaged students.

\$540 million has been invested in the Smarter Schools: National Partnership on Literacy and Numeracy to enable states and territories to systematise approaches that are proven to be effective in improving literacy and numeracy outcomes.

Supporting children to achieve their full potential

Students in low socio-economic school (SES) communities face a level of disadvantage not experienced by other Australian students. Students in these communities can and should get a great education and achieve good educational outcomes. Unfortunately, national and international testing of Australian school students shows disadvantaged students are far too likely to not master educational benchmarks.

The Smarter Schools: National Partnership for Low SES Communities initiative will inject \$1.5 billion over seven years to be matched by the states and territories, to improve educational outcomes in these communities. This initiative is a critical element of the Government's social inclusion and schools reform agenda.

Building the Education Revolution—investment and reform in Australian schooling

To boost jobs and invest in Australia's long-term future the Government will build or upgrade buildings in Australia's 9540 schools.

Building the Education Revolution is a \$14.7 billion long-term investment to improve the quality of facilities in Australian schools.

This historic nation building investment will not only support jobs, it will contribute to the long-term strength of the Australian economy.

By improving the quality of education received by every Australian child, this program will help deliver the stimulus of today as well as invest in future productivity.

Building the Education Revolution is a key element of the Government's \$42 billion Nation Building and Jobs Plan to support Australian jobs.

Building the Education Revolution commenced in 2008-09 and will be rolled out over the next three years. Building the Education Revolution is divided into three key programs:

- Primary Schools for the 21st century—is a \$12.4 billion long-term investment to build or upgrade large-scale infrastructure in all primary schools, special schools, and K-12 schools. New school buildings funded by this program will include libraries and multipurpose halls.
- Science and Language Centres for 21st century Secondary Schools—is a \$1 billion long-term investment to build around 500 new science laboratories and language-learning centres in schools with a demonstrated need, readiness and capacity to complete construction by 30 June 2010.
- National School Pride Program—is a \$1.3 billion investment to refurbish and renew existing infrastructure and undertake minor building works. Under this program, every Australian school will receive up to \$200 000, based on the size of the school, for maintenance and minor building works.

Building the Education Revolution will also help support local communities. A key requirement of this package is that major facilities in primary schools that are built or upgraded with this funding—such as halls or indoor sporting centres—are made available for community use at no, or low, cost.

Digital Education Revolution—Funding of on costs

Innovation will be central to securing Australia's competitive advantage in the future. The \$2 billion Digital Education Revolution program includes funding of \$807 million to school authorities to cover the associated costs of implementing the initiative. This initiative ensures that school students experience a technology-rich learning environment, which will prepare them for the technology-rich work environments of the future.

Through three application rounds, the Australian Government has already approved funding of over \$234 million to provide more than 290 000 computers in over 2700 schools. The aim of the initiative is that all secondary school students in Years 9 to 12 will have a 1:1 computer to student ratio by 2011.

Trade Training Centres in Schools Program

The Government is also working to raise the status of vocational education and training (VET) and better integrate the school and tertiary education sectors. The Trade Training Centres in Schools Program is an important element of the Government's Education Revolution. It provides \$2.5 billion over 10 years to establish Trade Training Centres in secondary schools to help increase the proportion of students achieving Year 12 or an equivalent qualification and help address skill shortages in traditional trades and emerging industries.

As part of the February 2009 Nation Building and Jobs Plan it was announced that up to \$110 million will be brought forward to round two of the Trade Training Centres in Schools program. This builds on the already significant \$277 million available for the first round. Schools will now have access to more funds sooner, to build or upgrade existing trade training facilities.

These centres will increase training opportunities for students and help address skills shortages in trades and emerging industries both during the economic crisis and in the longer term.

Building Business—School Connections

The Government will provide \$450 000 to sponsor a Business-School Connections Roundtable to develop a practical strategy to foster more partnerships between schools and business. The roundtable will consist of a small number of people from business, community and education sectors who have demonstrated their commitment and expertise in supporting school communities. This initiative is part of the Government's broader commitment to stronger schools-business linkages which is about creating a broad and supportive environment for students that involves business, community and parents in schooling. The cost of this initiative will be met from within the existing resourcing of the department.

Delivering better outcomes for students

To help ensure that students have access to the highest quality school education, Australia needs a rigorous and world-class national curriculum, a quality teacher workforce, transparent outcomes and effectively targeted education resourcing.

A world-class national curriculum, from kindergarten to Year 12, will assist and support lower performing students while also challenging and advancing higher performing students in English, Maths, the Sciences and History. It will lift standards

and contribute to a greater number of young Australians completing schooling through to Year 12.

To achieve this goal, the Government and the states and territories created the Australian Curriculum Assessment and Reporting Authority. The Australian Government has contributed \$50 million over four years to the authority.

Information will be published by the new Australian Curriculum, Assessment and Reporting Authority progressively from this year. Governments and the community will be able to look at school achievement against the background of the resources of the school and the composition of the student intake. This will enable a comprehensive, accurate, public picture of how like schools in different communities perform. This will also help governments to support accountability, school evaluation, collaborative policy development and resource allocation.

THE AUSTRALIAN GOVERNMENT IS SKILLING AUSTRALIA

The national training system provides high-quality, industry-driven and nationally recognised training taken up by one in eight working-age Australians. The Australian Government and the state and territory governments have worked with industry to develop a training system that provides Australians with the vocational skills they need to enter or re-enter the workforce and to up-skill. This cooperation is reflected in the National Agreement on Skills and Workforce Development, which identifies the long-term objectives of the Australian Government and the state and territory governments on skills and workforce development. It also affirms the commitment of all governments to work in partnership with each other and with businesses and industry to develop the skills of the Australian people.

The Government has established Skills Australia to provide advice on current, emerging and future workforce development needs and workforce skills needs. The role of the Industry Skills Councils (ISCs) has been strengthened and expanded in workforce development and in the training system. ISCs provide integrated industry intelligence and advice to Skills Australia and advise enterprises on the workforce development and skills needs in their industry sector.

As part of the first steps toward developing a tertiary education and training sector, the Government has announced that Skills Australia will provide advice on industry and workforce development priorities for the higher education sector as well as VET. In addition, as part of the Compact with Young Australians, announced by COAG on 30 April 2009, all governments support in principle the establishment of a national regulatory body for VET to cover registration of training providers and accreditation of qualifications and courses. The Australian Qualifications Framework Council has been commissioned to create better connections for students to move between competency-based vocational courses and merit-based higher education qualifications.

Skilling Australia for the Future

The Australian Government is implementing its strategy for VET through the Skilling Australia for the Future initiative. A central element of the initiative is the Productivity Places Program (PPP), under which 711 000 training places are being provided over five years to ensure that Australians develop the skills that they, and industry, need.

As part of Skilling Australia for the Future, the role of Apprenticeships Centres has been expanded to establish a network of Skills and Training Information Centres. These centres provide information on skills and training, and advice to employers, employees, job seekers and other interested parties, as well as connecting employers with ISCs.

Extension of VET FEE-HELP Scheme

The Government is also reducing financial barriers for Australian VET students. The VET FEE-HELP Scheme assists eligible VET students to pay for all or part of their tuition fees through income-contingent loans. As part of the 2009–10 Budget, this scheme is being extended to Victorian Government-subsidised diploma and advanced diploma courses.

Teaching and Learning Capital Fund for Vocational Education and Training

In December 2008, the Teaching and Learning Capital Fund for Vocational Education and Training was announced as part of the \$4.7 billion Nation Building Infrastructure Package to support Australia's economy. Worth \$500 million, the initiative will inject funding into public skills and training infrastructure to support jobs today and increase the capacity of the training sector over the longer term to meet 21st century skills needs including \$400 million for TAFE infrastructure and \$100 million in community education.

Supporting Australia's apprentices

The Government will provide a range of benefits to employers and Australian Apprentices totalling \$3.8 billion over the next four years. The Government is realigning some of these payments to benefit the 429 500 Australian Apprentices and their employers. Bundling a number of existing payments into a new Tools for Your Trade payment and broadening eligibility for some new measures means more payments to a greater number of apprentices as well as reduced paperwork for employers.

Streamlining the Australian Apprenticeships Incentives Program

The Australian Government is investing \$3.8 billion over four years to support apprenticeships and traineeships. The existing financial incentives under the Australian Apprenticeships Incentives Program will be streamlined to reduce the administrative burden for employers while retaining valuable support for employers, apprentices and trainees.

To increase the number of Australians who have higher level qualifications, the Government is broadening eligibility for the \$4000 incentive payments to employers of all Australian Apprentices who are studying diploma and advanced diploma qualifications.

In order to recognise the number of adults looking to improve their employment opportunities through re-skilling, the Australian Government is announcing an extension of the successful Support for Mid-Career Apprentices payment from those aged 30 and over to those aged 25 and over. The extension of this payment will benefit around 2000 Australian Apprentices or their employers annually. They will be entitled to an extra \$7800 in the first year of training and \$5200 in the second year.

The streamlining will include combining three separate support payments for Australian Apprentices into a new payment called 'Tools for Your Trade'. The new payment will be available to Australian Apprentices in selected trade occupations, agricultural occupations and, if in rural and regional Australia, horticultural occupations. These new eligibility arrangements will increase the number of Australian Apprentices receiving this support by up to 14000 people annually.

The Government is also supporting skills development through the following initiatives:

Skills for the Carbon Challenge

\$26.9 million

A significant Government initiative, Skills for the Carbon Challenge, deals with the supply of skills needed in the future. This important issue was raised at the 2020 Summit. The Australian Government is responding with this initiative that aims to accelerate the response to climate change from industry and the tertiary education sector by investing in training and providing incentives to support the take-up of skills for sustainability. In this Budget the Government will commit \$26.9 million over four years to progress the 2020 Summit idea so that by 2020 Australia should be a world leading green and sustainable economy, making a major contribution to a comprehensive global response to climate change.

Vocational Education Broadband Network

\$81.9 million

In April 2009, the Government announced funding of \$81.9 million for a high-speed broadband network to connect TAFEs across Australia. Again, this initiative responds to a vital issue raised at the 2020 Summit. The Vocational Education Broadband Network will provide the infrastructure that will allow TAFEs across the nation to access a high-quality broadband network that is tailored to the specific requirements of the training sector.

HIGHER EDUCATION

Building world-leading infrastructure is critical to cushioning the blow of the global recession by creating jobs today while giving us the infrastructure the national needs for tomorrow. The Australian Government has committed in excess of \$2.3 billion for university infrastructure through investments including Better Universities Renewal Fund, Education Investment Fund and Teaching and Learning Capital Fund in under two years. This significant commitment to invest in the infrastructure needs of our universities contrasts with that of the previous government which provided capital infrastructure grants through its education programs totalling approximately \$1.1 billion to universities in its 11 years in office.

As part of the December 2008 Nation Building Infrastructure Package the Prime Minister also announced the Education Investment Fund's Round 1 successful projects, totalling \$580.5 million. These projects include:

- the Centre for Obesity, Diabetes and Cardiovascular Disease, University of Sydney – \$95 million

Jobs, Productivity And Fairness – A Foundation For Recovery

- the Peter Doherty Institute for Infection and Immunity, University of Melbourne – \$90 million
- the Hearing Hub, Macquarie University – \$40 million
- the RMIT Design Hub, Royal Melbourne Institute of Technology – \$28.6 million
- the Energy Technologies Building, University of New South Wales – \$75 million
- the International Microsimulation Centre: National Centre for Social and Economic Modelling, University of Canberra – \$11 million
- the Materials and Minerals Science Learning and Research Hub, University of South Australia – \$40 million
- world-class veterinary science facilities, Gatton Campus, University of Queensland – \$47.2 million
- SMART Infrastructure Facility, University of Wollongong – \$35 million
- the Institute for Photonics and Advanced Sensing, University of Adelaide – \$28.8 million
- the New Horizons Centre at Clayton campus, Monash University – \$89.9 million.

Teaching and Learning Capital Fund for Higher Education

In December 2008, the Teaching and Learning Capital Fund for Higher Education was announced as part of the \$4.7 billion Nation Building Infrastructure Package to support Australia's economy. The Government has made it a national priority to create a world-leading higher education system for Australia. This \$500 million initiative will assist institutions in achieving their distinctive missions and promote a diverse, globally focused higher education sector. The teaching and learning spaces of Australia's universities will be improved so that they are physically and technologically appropriate for 21st century approaches to tertiary education. These projects will transform teaching, learning and research spaces across the country in a way that responds to the areas of demand.

The Government is committed to improving the accessibility of higher education for working-age Australians. Chapter 4 outlines the Government's commitment to support higher education through its responses to the *Review of Australian Higher Education* and the *Review of the National Innovation System*.

COMPACT WITH YOUNG AUSTRALIANS

In times of economic downturn, youth unemployment tends to rise rapidly and then falls back slowly during the recovery. This can result in youth unemployment remaining stubbornly high when compared to the broader labour market. Early school leavers and young people with low skills are likely to experience particular disadvantage both during the downturn and recovery.

The Compact with Young Australians, agreed by COAG on 30 April 2009, will mean that young Australians under the age of 25 will be entitled to an education or training place for any government-subsidised qualification in which the young person can meet the admission requirement.

The compact will commence immediately and will be fully implemented by 1 July 2009 for 15 to 19 year olds and by 1 January 2010 for 21 to 24 year olds. For the latter group, the compact will be for a place that results in a higher qualification. The compact will be offered until 31 December 2011 and will be reviewed in April 2011. As part of the compact, 15 to 19-year-old job seekers working for up to 15 hours per week will be eligible for training places under the PPP.

It is anticipated that the Compact with Young Australians will provide up to 135 000 young people with higher qualifications. Through COAG, all governments have committed to make new pathways available for young Australians during this economic downturn.

To underpin this, COAG also agreed to the National Participation Requirement. Commencing on 1 July 2010, the National Participation Requirement will make participation in education, training or employment compulsory for all young people until they turn 17. In practical terms this requires all young people to participate in schooling—or an approved training equivalent—until they complete Year 10. It will also be a mandatory requirement for young people who have completed Year 10 to participate in full-time education, training or employment until age 17.

In addition, COAG has agreed to accelerate the existing COAG goal so that 90 per cent of young people will attain a Year 12 or equivalent qualification by 2015 instead of 2020. These measures send a clear message to young Australians about the importance of education and training to their future prosperity.

The compact will be put in place under a National Partnership on Youth Attainment and Transitions, which will also have a strong focus on longer term reforms to improve the provision of challenging, relevant and engaging learning pathways for young people. The Australian Government believes that we should have high expectations of all young Australians and re-emphasise the importance of education and training during this period of economic turbulence. It also believes that young people struggling to engage with education should get targeted, focused and effective support to ensure that they can participate successfully. The Australian Government

will provide up to \$100 million to support the delivery of the compact through reward payments to states and territories for the achievement of improved participation and attainment in Year 12 or equivalent qualifications. The Minister for Youth will lead the development of this National Partnership, in collaboration with state and territory governments.

Every young Australian needs to be motivated to make the most of their educational opportunities, and they need support and encouragement to do so—not just from teachers and school principals—but from their families, local businesses, community organisations and mentors. Under the National Partnership, the Australian Government will also put in place new, better targeted programs. These will include services to broker partnerships and strengthen community and business engagement with schools to improve educational outcomes, and provide a safety net for young people who have disconnected from education and their community, or are at risk of disengaging.

The development and implementation of the programs will be progressed in consultation with the states and territories to avoid duplication of effort, improve the coordination of services at the local level, and ensure that the programs support the broader reforms being pursued under the National Partnership.

National Partnership on Youth Attainment and Transitions \$100 million

The Australian Government has committed up to \$718 million over four years to ensure that young people have the educational qualifications and skills to participate actively in the workforce and realise their full potential. This Budget provides up to \$100 million of new funding to states and territories to reward achievement of outcomes under the compact, including increased participation and attainment. Continuing funding of \$618 million will support young people to stay engaged in education and training, including through new and better targeted programs from 1 January 2010.

**Participation Requirements for Youth Allowance
impact on DEEWR programs**

\$158.4 million

To support the Compact with Young Australians and the National Youth Participation Requirement, in this Budget the Government is providing funding over four years for changes to the eligibility for Youth Allowance to encourage young people to complete Year 12 or an equivalent qualification. From 1 July 2009, young people who have not successfully completed Year 12 or an equivalent qualification and who are seeking income support are required to undertake either full or part-time study or training in order to qualify for Youth Allowance. Part-time study or training will usually need to be undertaken with other approved activities. Young people with Year 12 or an equivalent qualification and not undertaking full-time study remain eligible for Youth Allowance (other) and are required to undertake regular job search activities. Funding of \$158.4 million for this initiative includes recognition that some young people whose parents receive FTB Part A will, as a result of the requirement to undertake either full or part-time study or training, claim Youth Allowance instead.

This measure will also result in reduced Family Tax Benefit expenses. The whole of government financial impact of this measure is a cost of \$41.9 million over four years.

**Pathways to Skills: Australian Apprenticeships
Access Program**

\$30.2 million

Vulnerable young job seekers will be assisted to acquire skills. This Budget provides \$30.2 million for an additional 3650 pre-vocational training and support places for young job seekers aged 19 to 24 as part of the Australian Apprenticeships Access Program.

Securing Australian Apprenticeships

\$155.3 million

The Government is committed to a range of initiatives to support Australian Apprentices in tough economic times and help them acquire the skills they will need in the jobs of the future.

In February 2009 the Government responded to the impact of the global recession on apprentices by providing a further \$145.6 million to assist apprentices and trainees who have lost their job to complete their training with another employer or a Group Training Organisation (GTOs). In addition \$9.7 million has been allocated to assist apprentices and trainees to continue their training through Registered Training Organisations.

The new nation building projects and new, streamlined incentives will help to stimulate demand for apprenticeships. As previously agreed by COAG, tenders for new Australian Government-funded infrastructure projects will give priority to businesses that demonstrate a commitment to retain and employ Australian Apprentices.

COAG has also established a taskforce with industry membership to undertake further urgent work to support the engagement and retention of Australian Apprentices. The Taskforce will provide an action plan to COAG in July 2009.

3. LOCAL COMMUNITIES

The global economic recession is impacting on every community in Australia.

Some regions and groups are, however, affected more than others because of entrenched disadvantage, geographic barriers and isolation, or reliance on particular industries.

Regions with high concentrations of manufacturing, construction, retail trade, rental, hiring and real estate services as well as accommodation and food services are particularly affected.

As well, some groups of Australians need additional assistance. Many Indigenous Australians, people with disability and jobless families, especially those with long-term unemployed members, face barriers to success and these barriers are being magnified by the economic downturn.

The Government is already investing substantial resources to tackle entrenched disadvantage. These efforts are being boosted in the face of the economic downturn.

The Government is closely monitoring developments in regional areas and the impact of the downturn on disadvantaged groups in order to intervene early to support local communities to protect jobs in their own local area.

This chapter focuses on these strategies and finishes with a consolidated summary of efforts in the Education, Employment and Workplace Relations portfolio and in the 2009–10 Budget to close the gap on Indigenous disadvantage.

TACKLING DISADVANTAGE IN THE JOB MARKET

There are a number of reasons why Australians may suffer disadvantage. Disadvantage can increase the risk of unemployment, which in itself entrenches and deepens that vulnerability. The Australian Government is determined to minimise unemployment and support those Australians traditionally disadvantaged in the labour market.

As already described the Government has undertaken substantial reform to improve the support of unemployed Australians. This includes the reform of employment services to create the new Job Services Australia from 1 July 2009 and the new streamlined Disability Employment Services from 1 March 2010, as well as the creation of the Productivity Places Program through a National Partnership with state and territory governments.

JOBLESS FAMILIES

Addressing the disadvantages experienced by jobless families is a key priority. There were approximately 224 500 jobless families in Australia in March 2009. These are families with a dependent child under the age of 16 that receive income support, with either one or both parents having no reported earnings in the previous 12 months. The Government is developing an evidence base on the risks faced by jobless families and how the provision of services can be enhanced in disadvantaged locations.

The Government has asked the Australian Social Inclusion Board to provide further advice on how the risks of long-term disadvantage and unemployment can be reduced for jobless families. It has also asked the Board how this can be done in conjunction with other reforms that could be undertaken in disadvantaged local communities around Australia.

A community engagement project with jobless families and local stakeholders in three selected locations commenced in February 2009 in three selected locations. Findings from this project will inform future policy in this area.

LOCAL APPROACHES TO GLOBAL PROBLEMS

The Government is determined to take every opportunity to stimulate local economies to create a flow of jobs, build community infrastructure and develop social capital. The Government is providing local communities with the resources they need to reinvigorate themselves and reduce local hardship through supporting local jobs, local training and local opportunities.

Innovation Fund

The Government has established a \$41 million Innovation Fund to identify innovative ways to connect disadvantaged job seekers to training and employment. Projects that foster innovative place-based solutions to overcoming barriers to employment will be funded.

Priorities for the Innovation Fund include:

- job seekers with mental health conditions that put them at risk of homelessness
- Indigenous job seekers
- families experiencing intergenerational unemployment.

The first projects will commence on 1 July 2009.

A Compact with local communities

The third part of the Government's Jobs and Training Compact is the Compact with Local Communities to support those communities hardest hit by the global economic recession. This compact is about doing more from the ground up to engage people in local communities to make the most of their skills and resources. Coupled with the Community Infrastructure Program and the Innovation Fund initiatives, this brings the Government's investment in local communities to \$1.5 billion.

Jobs Fund

\$650 million

This Budget provides funding for a core element of the Compact with Local Communities – the \$650 million Jobs Fund to secure and create Australian jobs. The Jobs Fund is supporting and creating jobs and increasing skills through innovative projects that build community infrastructure and increase social capital in local communities across the country.

Through the Jobs Fund the Government is investing in one-off capital projects and providing seed funding for social enterprises. Funding is available to organisations including: non-profit organisations; employment service providers; industry associations; unions; peak bodies; regional development agencies; industry associations; local, state and territory governments; and community organisations to deliver a range of community-based projects.

The aim of the Jobs Fund is to produce long-term improvements in communities affected by the global economic downturn.

The Jobs Fund has three streams:

- up to \$300 million for Local Jobs. Funding will be available for community infrastructure projects with a focus on the promotion of environmentally friendly technology and heritage. Funding of \$60 million has been specifically set aside for heritage-related projects and \$40 million for the construction of bike paths
- up to \$200 million to Get Communities Working. Seed capital will be available for self-sustaining projects, which create jobs and provide activities and services to improve community amenity. Get Communities Working will provide funding for a diverse range of innovative employment and social projects
- up to \$150 million for Infrastructure Employment Projects. This will provide for investment in 'bricks and mortar' infrastructure projects that generate jobs in regions affected by the economic downturn. These infrastructure projects will include new and major renovations or refurbishments.

The Jobs Fund projects focus on directly generating jobs for people in communities with already high unemployment, rising jobless rates or which are particularly vulnerable.

Local Employment Coordinators

\$20 million

Some regions in Australia have been impacted by the global recession more than others. The Government is placing Local Employment Coordinators in selected regions to manage and drive local responses to job losses and declining economic conditions. This initiative will cost \$20 million over two years, with funding to be phased in over three years. Local Employment Coordinators will be progressively deployed and will be in place for up to two years.

Local Employment Coordinators will play a vital role in:

- ensuring there is a rapid response to helping employees who are made redundant
- coordinating government, community and business partnerships to stimulate local economies and generate new job opportunities
- brokering agreements between the Australian, state and local governments in order to align efforts across all tiers of government and strengthen community links.

Local Employment Coordinators will also work with community stakeholders to identify and develop effective projects that are eligible for the Jobs Fund and can be quickly implemented.

Local Employment Coordinators will initially be located in seven priority areas identified as being most in need. These are:

- Canterbury-Bankstown and south western Sydney in New South Wales
- Illawarra in New South Wales
- south eastern Melbourne in Victoria
- Ipswich-Logan in Queensland
- northern and western Adelaide in South Australia
- south west Perth in Western Australia
- Northern Tasmania.

Funding for the local employment coordinators has already been provided for in the forward estimates.

Local Jobs Champions

Mr Lindsay Fox and Mr Bill Kelty will support the work of Local Employment Coordinators by advising employers in communities affected by the economic downturn on how to keep their employees. Mr Fox and Mr Kelty will act as Local Jobs Champions, providing advice on alternatives to laying off employees. They will also promote Government support and assistance available to individuals, employers and communities.

2020 Summit—Golden Gurus

As part of its response to the 2020 Summit, the Australian Government announced in April 2009 that it would commit \$400 000 to a national Golden Gurus program. This program will encourage skilled mature-age people who are retired, semi-retired or not working full time to provide voluntary mentoring support to small businesses, including New Enterprise Incentive Scheme (NEIS) businesses, and the community. The program will be developed in 2009.

DROUGHT ASSISTANCE INITIATIVES

In 2008–09 the Government provided \$46.9 million for several drought-related support programs.

These include:

- Exceptional Circumstance Relief Payments that assist eligible families with students in drought-affected areas in accessing Youth Allowance and other student income support initiatives
- Drought Assistance for Schools, making it easier for rural families experiencing financial hardship as a result of the drought to meet ongoing educational expenses and the cost of educational activities such as student excursions
- the Declared Drought Area Incentive, which encourages primary producers who hold an Exceptional Circumstances Certificate to continue to access skill development and employment opportunities in a declared drought area
- Drought Force, which assists individual farms and farming communities severely affected by drought with volunteers or people on income support, helping with drought mitigation tasks such as maintenance of irrigation channels, hand feeding, stock watering, fencing, and general repairs and maintenance
- Flexible Arrangements for Newstart allowance and other benefits for people unemployed due to drought.

CLOSING THE GAP ON INDIGENOUS DISADVANTAGE

In November 2008, all Australian governments, through the Council of Australian Governments (COAG), agreed to targets for Closing the Gap in education, employment, health and mortality outcomes between Indigenous and non-Indigenous Australians.

Four of the six targets agreed by COAG fall within the education, employment and workplace relations portfolio. These include the following:

- ensure access to early childhood education for all Indigenous four-year-olds in remote communities within five years
- halve the gap in reading, writing and numeracy achievements for children within a decade
- halve the gap for Indigenous students in Year 12 attainment or equivalent attainment rates by 2020
- halve the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade.

The targets form a core component of the COAG National Education Agreements and National Partnerships described in Chapter 2. The National Education Agreement (NEA) provides the foundation for the Education Revolution in all of Australia's schools, with a particular focus on more effective targeting of resources to meet the needs of Indigenous students. Through the new arrangements in this agreement, national targets have been established to focus progress towards the ultimate aim of equity in opportunities between Indigenous Australians and other Australians.

In addition to the National Partnerships in early childhood and school improvement, COAG agreed to a National Partnership on Indigenous Early Childhood Development, which provides for the establishment of 35 Children and Family Centres, in collaboration with the states and territories.

Improving employment opportunities and the job readiness of Indigenous Australians is crucial to building pathways out of poverty and disadvantage. Reforms to employment services through the new Job Services Australia, as well as the expansion and refocusing of the Indigenous Employment Program (IEP) and changes to the Community Development Employment Projects (CDEP) program will strengthen Australia's capacity to support Indigenous Australians to obtain sustainable employment.

Providers of universal and Indigenous specific services will work in partnership and will be required to enter into Service Level Agreements that set out how they will work

together in communities, providing complementary support for individual Indigenous job seekers.

The new IEP will allow the Government to work more closely and in partnership with Indigenous communities, organisations and individuals to deliver a broad range of projects suited to local circumstances and focusing on the best employment outcomes. Through the reformed IEP organisations from around Australia have an opportunity to tender to become a member of the new panels that will deliver local employment solutions for Indigenous Australians.

Job Services Australia

Indigenous-specific employment services will build on the services provided by Job Services Australia and provide more tailored assistance to Indigenous job seekers. Job Services Australia providers and providers of CDEP and IEP will work together to deliver better employment and training outcomes.

There are additional resources to assist Indigenous job seekers in remote areas and significant incentives to help Indigenous Australians complete secondary school and improve vital literacy and numeracy skills. Indigenous organisations will be delivering Job Services Australia and every Job Services Australia provider will have an Indigenous Employment Strategy to help them employ and retain Indigenous Australians within their own organisations.

From 1 July 2009 more than 25 Indigenous organisations will provide services through Job Services Australia.

Education initiatives

Indigenous students will benefit from the Government's Education Revolution reforms in schools.

In addition, the \$2.1 billion being invested in Indigenous education in 2009-2012 includes a number of specific measures in the 2009-10 Budget to improve educational opportunity for Indigenous students.

Improving education opportunities for Indigenous Australians in the Northern Territory

\$106.5 million

In the 2009-10 Budget, the Government is continuing to support initiatives in the Northern Territory to close the gap.

These initiatives are:

School Nutrition Program: \$37.5 million over three years. This is a continuing initiative that aims to improve student engagement with school and student attendance through a breakfast and lunch program for school-age children in communities. Local Indigenous people also benefit from the program through increased job and training opportunities

Teacher Housing: \$11.2 million over one year. This initiative addresses part of the urgent need for teacher accommodation in the Northern Territory and will improve teacher employment and retention rates in remote communities. Twenty-two additional teacher houses will be constructed, adding to the \$5 million already provided for the construction of up to 10 teacher houses in Wadeye.

Expanding the Enhancing Education elements of the NTER: \$45.7 million over three years. This includes an additional \$23 million for the Quality Teaching Package and \$22.7 million for the Accelerated Literacy initiative.

Language, Literacy and Numeracy Program: \$3 million over three years. This will create additional Language, Literacy and Numeracy Program (LLNP) places to enhance the employment prospects of Indigenous Australians in the Northern Territory. The additional funds will allow LLNP providers to deliver a more tailored course that matches the needs and priorities of specific Indigenous communities.

Crèches in Northern Territory communities: \$9.1 million over three years to continue the operation of the nine new crèches already established; finalise the construction of one new crèche; and provide upgrades to two existing crèches.

Indigenous non government school education programs –application of indexation

\$19.7 million

Funding for Indigenous students in non-government schools and school systems has been appropriated through the *Schools Assistance Act 2008* using a new formula known as Indigenous Supplementary Assistance (ISA). This formula will be applied based on Indigenous student enrolments and will be indexed by movements in the Average Government School Recurrent Costs (AGSRC) to ensure that funding levels are kept in line with recurrent school funding. As a result of these revised arrangements ISA funding will be increased by a further \$19.7 million over the next four years.

The *Schools Assistance Act 2008* also establishes an Indigenous Funding Guarantee as a transitional initiative to ensure that non-government school authorities continue to receive funding for Indigenous students comparable to their entitlements in 2008.

Expansion of the Sporting Chance Program

\$10 million

The Government will contribute \$10 million over four years to improve the level of school engagement for some 1400 Indigenous students through an expansion of the successful Sporting Chance Program. The program uses sport as a vehicle to improve student participation and engagement in schooling.

The Government will contribute funds to:

- establish around 10 new school based sports academies across Australia, with a particular focus on improving the participation and engagement of girls in schooling
- the Former Origin Greats (FOGS) to establish school based academies, with a focus on rugby league in Queensland.

The expansion is based on a funding partnership. In general, the Australian Government contributes approximately one third of the annual operating costs of academies and providers source the balance from state and territory governments, as well as corporate and other sponsors.

Indigenous Education Scholarships

\$20 million

In partnership with the corporate sector, the Australian Government is providing \$20 million over three years to support a 20-year scholarship program that will provide scholarships to Indigenous students. This will be funded from within DEEWR's existing resources.

Employment and economic development initiatives

Jobs providing government services

Through the Minister for Families, Housing, Community Services and Indigenous Affairs, as part of the COAG National Partnership on Indigenous Economic Participation, the Australian Government will provide \$172.7 million to fund around 2000 jobs to support the delivery of government services that were previously subsidised by the CDEP program. The employees who gain these jobs will receive mainstream benefits such as wages, superannuation and access to training and professional development. The Government will also provide \$203.1 million for the continuation of more than 1600 jobs already funded in the Northern Territory from CDEP activities, and 40 jobs in four Cape York welfare reform trial communities.

Indigenous Economic Development Strategy

An Indigenous Economic Development Strategy will help Indigenous Australians achieve long-term economic independence (IEDS).

This strategy will promote economic participation and wealth creation by Indigenous communities and individuals and will seek to build partnerships with the corporate sector. Innovative ideas and a long-term commitment have the potential to broaden job opportunities in an environment where many Australian companies are prepared to support Indigenous Australians.

Indigenous Employment Program: improving employment opportunities for Indigenous Australians \$190.6 million

In this Budget, the Government is committing an additional \$190.6 million in new funds over five years to the new IEP elements. The total administered cost of the IEP over five years is \$778.8 million. Through the IEP, the Government will support Indigenous Australians and their communities, industries and employers to deliver employment outcomes suited to local circumstances.

The new IEP will meet the needs of more employers, including small and medium size businesses. It will support more communities in developing their own economic direction and help more Indigenous people get jobs and start businesses. This will be achieved through increased funding; more flexible support; encouraging, recognising and promoting achievements in Indigenous employment; building aspirations; and providing mentoring to individuals and businesses.

The new IEP will begin on 1 July 2009.

Language literacy and numeracy support for Indigenous Employment Program participants

\$21.6 million

To support the language literacy and numeracy needs of Indigenous participants in the new IEP, the Government is committing in this Budget an additional \$21.6 million over four years to provide 6000 new Workplace English Language and Literacy (WELL) places. Employment opportunities for Indigenous Australians, especially in remote and regional areas, are often limited by their poor language, literacy and numeracy skills and these additional places will assist in addressing this barrier to sustainable employment.

Traineeships

\$53.6 million

The 2009-10 Budget provides support for 400 new traineeships across the government services sector and 60 additional ranger positions in remote communities through the new Indigenous remote workforce strategy. The traineeships, which will be at least at the Certificate III level, are expected to be in a range of sectors including child care, education support, rangers, community policing, health and aged care.

4. FUTURE DIRECTIONS FOR HIGHER EDUCATION – THE GOVERNMENT’S RESPONSE TO THE REVIEWS OF AUSTRALIAN HIGHER EDUCATION AND NATIONAL INNOVATION SYSTEM

The Australian Government is committed to creating a stronger, fairer and more productive nation.

Tomorrow’s prosperity depends on Australia being higher skilled, more inclusive and a winner in the global competition for jobs, investment, productivity and prosperity.

Australia having the jobs of tomorrow depends on the quality of education we have today, crucially an outstanding higher education and research sector accessible to an increasing proportion of our people and responsive to a fast moving, internationally competitive knowledge economy.

Recognising this, the Government commissioned a major *Review of Australian Higher Education*, led by Professor Denise Bradley, and a *Review of the National Innovation System* chaired by Dr Terry Cutler. These two reviews identified reforms that will deliver on the Government’s long term agenda for higher education, research and innovation.

The Government will invest \$5.7 billion in higher education and innovation over the next four years and will commit substantial additional resources over the next 10 years.

VISION

Higher education is central to achieving many of the objectives for the nation’s future. These include:

- a stronger Australia—boosting Australia’s share of the jobs of tomorrow and productivity growth will require a highly skilled workforce that can rapidly adapt to meet future challenges
- a fairer Australia—all Australians will benefit from widespread equitable access to a diverse tertiary education sector that allows each individual to develop and reach their potential. Society as a whole will benefit from the widespread application of cutting edge research

- future challenges—acting now to lay down a 10 year reform agenda for higher education will position Australia to deal with future challenges and take advantage of the new job and other opportunities that will emerge in the years ahead.

The Australian Government's response to the Bradley and Cutler Reviews will also help position Australia from recovery out of the current economic downturn.

The *Review of Australian Higher Education* affirmed that the reach, quality and performance of a nation's higher education system will be the key determinants of its economic and social progress. To be globally competitive and to secure the jobs of the future, Australia needs an outstanding, internationally competitive higher education system with increased participation and higher attainment levels. Australia also needs a quality higher education system to sustain the international education industry, which is Australia's third largest export industry.

The Bradley Review charted the course ahead and in this Budget the Australian Government is embracing that future vision.

A LANDMARK REFORM AGENDA FOR HIGHER EDUCATION

The Australian Government is committed to significant reforms to higher education and innovation over the next decade in order to boost national productivity, the nation's share of the jobs of the future and the performance of the sector. These reforms will transform the scale, potential and quality of the nation's universities and open the doors of higher education to a new generation of Australians.

The key reforms include:

- promoting greater diversity and quality by
 - allocating student funding to universities on the basis of student demand
 - providing significantly greater opportunities for participation in higher education for students from disadvantaged backgrounds through equity initiatives and better targeted student income support
 - driving a greater focus on quality and participation through funding tied to achievement
- providing a substantial boost in research funding to better meet the cost of research and enable universities to achieve research excellence against internationally recognised benchmarks
- supporting improved international competitiveness and sustainability by providing improved indexation arrangements for universities

- establishing a new national body to manage regulation and quality assurance
- providing world class infrastructure for universities and VET providers.

ATTAINMENT AND PARTICIPATION TARGETS

To achieve productivity growth, Australia will need a highly educated workforce with the knowledge, skills and flexibility to contribute to the growth of the knowledge economy and meet its future challenges.

Over the last 20 years, there has been an increase in the rate of students obtaining bachelor's degree level qualifications, primarily due to the Dawkins reforms and the move to mass participation in higher education. The current attainment rate for bachelor's degrees for 25–34 year olds stands at around 32 per cent and, under current policy settings, this is likely to rise only slightly, to around 34 per cent by 2025. This will not meet our future economic needs.

The Government has therefore announced its ambition for growth in higher education attainment, so that by 2025, at least 40 per cent of all 25 to 34 year olds will hold a qualification at the bachelor's degree level or above. The achievement of this target will produce around 217 000 additional graduates by 2025.

In addition, the Government has announced that by 2020, at least 20 per cent of higher education enrolments at the undergraduate level will consist of people from a low SES background. In order to meet the target, an additional 55,000 low SES students would be enrolled in higher education in 2020.

These two targets complement the educational attainment targets set by COAG.

These COAG targets are to halve the proportion of Australians aged 20 to 64 without a qualification at the Certificate III level, and to double the number of higher qualification completions (diplomas and advanced diplomas) by 2020.

The higher education initiatives included in the 2009–10 Budget will provide the funding to achieve these goals. This includes a new student centred funding system for Australian higher education.

STUDENT CENTRED FUNDING SYSTEM

Until now, opportunities for Australian undergraduate students to study at university have been limited by restrictions on the number of Commonwealth funded places available. This has resulted in too many qualified applicants being turned away and fewer graduates contributing to Australia's economic prosperity and social advancement.

The current system has also created a mismatch between the number of places that individual universities can offer and the demand that exists from potential students. Some universities have too few funded places and others have too many.

The Bradley Review presented a compelling case for change based on the need to increase the number of Australians with qualifications at the bachelor's degree level or above and provide universities with more flexibility to respond to student demand.

The new student centred funding system will result in reduced red tape for universities and less Government interference.

The Australian Government will act in cooperation with universities to support them to provide courses of study that are critical to the needs of students and the economy and are in the broader national interest.

An independent review of the base funding levels for learning and teaching in higher education will be commissioned by the Government to ensure that funding levels remain internationally competitive and appropriate for the sector. It will also examine options for achieving a more rational and consistent sharing of costs between students and across discipline clusters. This review will report in 2011.

Demand driven funding

\$490.6 million

From 2012, all public universities² will be funded on the basis of student demand. This Budget provides funding over four years to ensure that a Commonwealth supported place will be funded for all domestic students who are accepted into an undergraduate course at a public university. Universities will not be funded for places that they do not fill.

There will be a transitional period in 2010 and 2011. The current limit on funding for universities³ that enrol more students overall than has been agreed with the Australian Government will be increased from 5 per cent to 10 per cent. The current floor on funding for universities that under enrol will be maintained until the end of 2011.

These transitional initiatives will ensure that universities do not grow too quickly at the expense of providing a quality educational experience for students. By 2012, stronger quality assurance arrangements for higher education will be in place.

Universities will have time to plan and adjust to the new system in the lead up to 2012. Funding for structural adjustment will be available during and after the transitional period.

2 The Batchelor Institute of Indigenous Tertiary Education is also a public higher education provider and will be covered by the demand-driven funding system.

FUNDING TO SUPPORT LOW SES PARTICIPATION

To achieve greater national productivity as well as encourage social inclusion, Australia must break down the barriers that have led to an ongoing under-representation in higher education of students from low SES backgrounds.

The Australian Government is committed to ensuring that Australians of all backgrounds who have the ability to study at university get a fair opportunity to do so.

Currently students from affluent backgrounds are three times more likely to attend university than students from low SES backgrounds.

In the 2009-10 Budget, funding will be provided to help universities develop partnerships and programs with schools and vocational education and training providers.

Universities will also be offered a clear financial incentive to expand the enrolment of low SES students while ensuring that standards remain high. The evidence shows that low SES students achieve the same high standards at university as other students if given an appropriate opportunity.

Additional funding will be provided as a loading to universities related to the number of low SES students they enrol. This will help universities support disadvantaged students and improve retention and completion rates.

A more accurate measure of low socio economic status will be developed and performance funding will be based, in part, on how effective institutions are in attracting low SES students.

Indigenous Australians are also under represented in our universities and face specific barriers and challenges. Indigenous Australians will benefit from the new focus on low SES students but more needs to be done. In consultation with the Indigenous Higher Education Advisory Council, the Government will support a review of the effectiveness of measures designed to improve the participation of Indigenous students in higher education.

This new focus on low SES students is an important part of the Australian Government's Education Revolution. This is because it will encourage stronger links between schools and universities offer students new experiences and help teachers raise the aspirations of their students. These new programs could include scholarships,

³ The University of Notre Dame Australia is a private university that has some Commonwealth-supported places. It will also be covered by the transitional arrangements.

mentoring of teachers and students, curriculum and teaching support, or hands on activities by university staff in schools.

This approach complements the Education Revolution measures to improve the quality of schooling, particularly in disadvantaged school communities. It will help create a pathway from school to further education for students who currently get left behind.

Funding to support low SES participation targets

\$436.9 million

In 2010, the funding to support low SES participation targets will be about 2 per cent of teaching and learning grants, and will increase to about 3 per cent in 2011. By 2012, equity funding will be broadly in line with the recommendation of the Bradley Review to increase it to 4 per cent of teaching and learning grants.

This Budget provides increased funding over four years to deliver a new partnership program worth \$108.2 million over four years to link universities with schools, vocational education and training providers, and adult education. This will promote leading practice, increase the aspirations of students and contribute to higher rates of education attainment of low SES, Indigenous, regional and remote students.

This Budget also provides increased funding for a student related loading at a cost of \$324.7 million over four years. This loading will be based on the numbers of low SES students enrolled in institutions.

In addition to these initiatives, better targeting of income support, combined with new Student Start Up Scholarships and Relocation Scholarship, will give students in need improved financial assistance to help them pursue higher education studies.

STUDENT INCOME SUPPORT

Comprehensive reforms are needed to the student income support system.

The Bradley Review identified that between 2001 and 2007, the number of Youth Allowance recipients in higher education who were assessed as dependants had fallen by 23 per cent, and the number of dependants living away from home for study had declined by 34 per cent. Forty-nine per cent of Youth Allowance recipients were from families with household incomes of more than \$80,000 and would therefore be receiving Youth Allowance as independent students.

The review concluded that current income support arrangements for students had failed to adequately support the participation of students from low socio economic backgrounds. It also found that the benefits did not go to the neediest students. As a result, the review recommended urgent action to reform student income support.

In response, the Government is introducing a package of significant reforms designed to achieve its target of 20 per cent of higher education undergraduate enrolments representing students from low SES backgrounds.

Reform of student income support

The cost of these reforms is \$3.1 billion over four years. This will be offset by improved targeting of Youth Allowance, ABSTUDY and other measures.

Parental Income Test

From 1 January 2010 the Parental Income Test (PIT) threshold for students applying for Youth Allowance or ABSTUDY will be increased from \$32 800 to \$42 559 per annum to align with Family Tax Benefit–Part A (FTB). Further the PIT indexation and taper rate arrangements will also be aligned with those applying under FTB.

Age of Independence

The current age of independence for Youth Allowance and ABSTUDY is 25 years. The Bradley Review found that the age of independence was high by international standards.

The Government is introducing a new initiative that reduces the Age of Independence to 22 years. This will be phased in so that the Age of Independence would be reduced to 24 years in 2010, then to 23 years in 2011 and 22 years in 2012.

Workforce Participation Criterion

From 1 January 2010, the workforce participation criteria for independence under Youth Allowance and ABSTUDY will be tightened to target assistance more effectively to students from low income backgrounds. All existing student income support recipients will be 'grandfathered' so that no existing recipient would be disadvantaged by this change.

Personal Income Test

The personal income threshold will be raised from \$236 to \$400 per fortnight, so that student income support recipients will be able earn up to \$400 per fortnight without having their income support payments reduced. In addition, the personal income threshold will now be indexed for the first time.

Masters by Coursework

Eligibility for income support will be extended to students enrolled in all masters by coursework programs. Other eligibility requirements will remain the same as for students enrolled in lower level courses.

Student Start Up Scholarship

A centrepiece of the Government's reforms is a new scholarship – the Student Start Up Scholarship.

Valued at \$2254 in 2010, and then indexed, the scholarship is available to all university students receiving income support and those assisted under veterans' schemes. The scholarship replaces the current Commonwealth Education Cost Scholarship (CECs) and all existing CECs students will be 'grandfathered'.

Relocation Scholarship

From 1 January 2010, a new Relocation Scholarship will assist Youth Allowance and ABSTUDY recipients at university. Dependent students who have to live away from the family home for study as well as independent students who are disadvantaged by personal circumstances will be eligible for this scholarship. The Relocation Scholarship will provide \$4000 for students in their first year at university and \$1000 in each year thereafter. It will be indexed and will replace the Commonwealth Accommodation Scholarship (CAS) for new students. Existing CAS recipients will be 'grandfathered'.

Centrelink will administer both the Student Start Up Scholarship and the Relocation Scholarship, with streamlined delivery to ensure these are paid closer to the time students' university courses commence.

Exempting equity and merit based scholarships from income testing

Scholarships play a key role in encouraging and assisting students from low income backgrounds to pursue higher education. From 1 January 2010, equity and merit based scholarships provided by universities and philanthropic organisations, up to the combined value of the Commonwealth Education Costs Scholarship and the Commonwealth Accommodation Scholarship, will be exempt from means testing.

Scholarships in excess of the capped value will continue to be assessed as income against the existing criteria.

STRENGTHENING RESEARCH

The 2009–10 Budget, in response to recommendations from both the Bradley and Cutler Reviews, delivers a suite of initiatives designed to address the serious shortfalls in research funding for the indirect costs of research.

In particular, the Government will increase funding of indirect research costs to 50 cents in the dollar.

The Ministerial Statement of the Minister for Innovation, Industry, Science and Research outlines in detail the measures over the next four years that will address the sector's longstanding concerns that cross subsidisation from other sources of income, such as teaching and learning funding, has led to poor outcomes for both research and teaching.

Sustainable Research Excellence in Universities

\$512 million

This initiative raises the current funding of the indirect cost of research (through Research Infrastructure Block Grants) to ensure that there is a suitable environment within the university sector to conduct world class research.

Joint Research Engagement

Existing funding from the Institutional Grants Scheme will be redirected to a new program, which will give greater emphasis to collaborative research activities beyond those supported by competitive grants.

Australian Postgraduate Award Stipend Increase

\$51 million

The current Australian Postgraduate Award (APA) stipend is currently below the poverty line. This initiative will increase the student stipend to \$22 500 per annum, which will help attract more high quality Higher Degree by Research (HDR) students. This will in turn boost the number of research trained postgraduates to enter the academic labour market.

Collaborative Research Networks

\$52 million

The establishment of Collaborative Research Networks (CRNs) will encourage institutions—especially those in regional and remote areas that may be particularly impacted by the reforms—to form partnerships with universities with particular research strengths. This will support efficiency in resourcing, mobility of staff and students and enhancement of technological capabilities, as well as increase networking between institutions.

Excellence in Research for Australia

\$36 million

The Excellence in Research for Australia (ERA) framework will assess the nation's performance across discipline areas and against international benchmarks.

It will provide a solid evidence base for assessing performance and will provide a framework for negotiating performance targets. The ERA framework will also inform the future allocation of research block grants and support the accreditation and development of standards in relation to university research.

STRENGTHENING THE SYSTEM

The nation's investment in higher education—from both the Government and students—needs to keep pace with the increases in costs. This has been highlighted by the universities as a key issue with the current arrangements, unchanged for more than a decade, becoming increasingly inadequate to support the internationally competitive higher education sector Australia needs.

This is particularly the case in relation to salary costs, where Australian universities are competing to attract and retain the best and brightest in the global academic workforce.

Higher education providers have been required to cross subsidise their core activities of teaching and research from other sources of income because the value of the base grants was being eroded year on year. This is not sustainable and has led to deterioration in the quality of outcomes. For example, there is evidence of a decline in the quality of the student experience, as shown in internationally comparable measures of student engagement. The dramatic rise in student to staff ratios from about 15:1 in 1996 to over 20:1 in 2006 is probably a significant contributor to this decline.

The Australian Government has considered carefully the recommendation of the Bradley Review for improved indexation as well as the need to ensure that Government expenditure on higher education is responsible in light of the current economic situation. The Government understands the core importance of improving indexation to achieve its vision in higher education.

The provision of increased indexation will reap significant rewards in terms of quality and participation outcomes. It will provide a valuable support to institutions to invest in the academic workforce. Furthermore, if institutions are assured that the value of their ongoing funding will be maintained they will be more likely to establish sustainable but diverse missions.

Indexation

\$577.6 million

New indexation arrangements for higher education providers will be comprehensively introduced in 2012. The current minimum wage based arrangements for the salary component of the overall indexation formula will be replaced with an initiative that better reflects professional salary movements.

The new arrangements will still require productivity improvements to contribute to wage increases.

The new indexation arrangements will apply from 2012 to all grants under the *Higher Education Support Act 2003* (including research grants), maximum student contribution amounts, the OS HELP maximum loan amount and the FEE HELP borrowing limit. The Safety Net Adjustment (SNA) component, which makes up 75 per cent of the current index, will be replaced with a wage price index (discounted by 10 per cent for productivity improvements) that is comparable to the Labour Price Index (Professional) recommended by the Bradley Review of Australian Higher Education.

Transitional arrangements will be in place in 2011.

Maximum student contribution amounts will be indexed using the new index and higher education providers will also receive funding equivalent in value to the improved indexation on grants, as a transition to the new performance funding approach that will be in place from 2012. The conditional funding for 2011 will be rolled into base funding in 2012.

The Government will also streamline funding arrangements by rolling into base funding the Workplace Reform Program and the Improving the Practical Component of Teacher Education Program from 2010.

ACADEMIC WORKFORCE

Increased indexation will provide higher education institutions with the funding certainty they need to enable them to tackle a number of significant challenges. These include the ageing of the academic workforce and the increasing difficulty in attracting and retaining high quality academic staff in an intense, globally competitive market.

Australia's academic workforce is getting older. This has been exacerbated by the under representation of academics in their twenties and thirties, who should be replacing those who are retiring.

Over time, the appeal of an academic career has diminished as a result of a number of factors. These include a lack of job security caused by increased casualisation,

increasing workloads and lower salaries compared with other sectors. There is also a severe shortage of academics internationally, leading to intense global competition.

The additional funding through indexation, performance funding for improvements in quality and student outcomes, and funding to support students from low SES backgrounds will put institutions in a strong position to invest in their academic workforce.

A QUALITY SYSTEM TO MEET THE CHALLENGES OF THE FUTURE

A central feature of the reform agenda will be an increased focus on quality. This will underpin our vision for Australia to be one of the most highly educated and skilled nations in the world. In a period of expansion, when higher education institutions are attracting students who have not traditionally considered going to university and student choices are linked to funding, institutions will be required to demonstrate that their graduates have the capabilities that are required for successful engagement in today's complex world.

Higher education institutions need to be accountable for the quality of the education they provide. They also need to demonstrate value for money and serve Australia's national interests.

At the moment the regulatory environment for higher education is complex and fractured, with different states and territories all implementing arrangements in varying ways. The new regulatory arrangements will de-clutter and streamline the system, enabling higher education providers to focus on their core business and encouraging them to grow.

The new quality system will hold universities to account for the quality of the education that they provide. At the moment, once an institution is badged a university it can trade on that title in perpetuity. Universities have a highly respected place in our education system and the right to use the title 'university' should recognise consistently high standards in teaching and research.

This Budget ushers in a new era of quality with the establishment of a national body for regulation and quality assurance. The Tertiary Education Quality and Standards Agency (TEQSA) will protect the overall quality of the Australian higher education system. It will accredit providers, evaluate the performance of institutions and programs, encourage best practice, de-clutter current regulatory arrangements and provide greater national consistency.

TEQSA will evaluate the performance of universities and other higher education providers every five years or whenever there is evidence that standards are not being met. If problems are identified, TEQSA will be able to recommend sanctions up to and including withdrawing the right to use the title 'university'.

The challenge now is for the higher education sector to agree on appropriate academic standards and embrace more direct indicators of student achievement.

TEQSA will take the lead in coordinating this work and establishing objective and comparative benchmarks of quality and performance. The agency will collect richer data and monitor performance in areas such as student selection, retention and exit standards, and graduate employment.

A similar approach will be adopted for the vocational education and training sector and will ultimately lead to easier pathways between the two education systems so that they can work in partnership to address Australia's knowledge economy and skill needs.

As Australia moves to a student centred funding system, both domestic and international students must know how our institutions are performing.

The Tertiary Education Quality and Standards Agency (TEQSA) \$57 million

This Budget provides funding over four years for this new agency, which will protect the overall quality of the Australian higher education system. It will accredit providers, undertake quality audits, encourage best practice and streamline current regulatory arrangements to enable greater national consistency.

One of the agency's key tasks will be to establish objective and comparative benchmarks of quality and performance.

PERFORMANCE FUNDING

To ensure that Australia's reputation for quality higher education remains strong, the Australian Government will make a proportion of additional funding dependent on a new quality assurance framework that is based on objective and comparative standards. These standards will be developed in close collaboration with the higher education sector. Individual targets for institutions based on these standards will be developed. This means universities will have a significant incentive to improve their performance in key areas.

The Australian Government also proposes to introduce mission based compacts with each university. Compacts aim to promote excellence and build capacity and international competitiveness in our university sector. They would enhance institutional autonomy, while encouraging greater collaboration and sectoral diversity as well as increased participation in higher education by under-represented groups.

Compacts will facilitate alignment of institutional activity with national priorities and distribution of performance based funds. They will also represent the opportunity for individual universities to play to their strengths and articulate the unique role they

play in the higher education system, the innovation system, and their local regions and communities.

This funding structure mirrors the new funding system the Australian Government has implemented with states and territories through COAG. Rather than bureaucratic red tape and micro managing of inputs, the Australian Government will work in partnership with universities but will define clear and consistent targets for improvement and reform that will trigger reward payments.

Performance funding

\$206 million

From 2012, the Government will provide additional funding over four years which will be dependent on universities meeting agreed performance targets. From 2012 funding worth 2.5 per cent of current teaching and learning grants will be conditional on universities meeting agreed performance targets relating to the quality of teaching, equity and other measures to be determined by the Government.

Performance funding will create a strong incentive for universities to improve the quality of teaching and learning and lift participation and outcomes for students from under represented groups.

The performance funding initiative recognises that every university has a role to play in improving the quality of teaching in higher education and supporting the Government's attainment and participation ambitions.

In 2010, the Government will work closely with universities and key stakeholders to develop a robust set of performance indicators. The indicators will be based on measures of the quality of teaching and learning, as well as participation and success for under represented groups.

In 2010, universities will be required to negotiate and agree on specific performance targets that are challenging but appropriate for their circumstances and will contribute to system wide aspirations for teaching quality and performance. Targets will be agreed to as part of compact negotiations. Universities that agree to targets will receive a facilitation payment in 2011.

In 2012 universities that have met their targets and agreed to new targets for the subsequent funding period will receive performance funding.

The TEQSA will determine whether universities have met these targets and whether they will receive this funding.

A FAIR DEAL FOR AUSTRALIA'S REGIONS

Regional universities and campuses play a significant role in the economic and social fabric of their communities. The Bradley Review pointed to a number of challenges in the provision of higher education in regional and remote Australia.

Sustainable higher education provision that is responsive to the specific needs of regional Australia is essential to Australia's social and economic prosperity. Students who study in regional areas are much more likely to stay in those areas, providing a vital skilled workforce in the regions. Institutions have a critical role to play in local communities and economies and existing universities will be well placed to explore new opportunities presented by these reforms.

New models of educational delivery are likely to grow from partnerships and collaborations between universities, as well as with VET and other adult education providers. Finding sustainable solutions for regional higher education provision will also play an important role in achieving the Australian Government's participation and attainment targets.

A number of initiatives in the 2009-10 Budget will help improve the student experience in regional Australia.

Low SES Funding will be provided to encourage institutions to develop partnerships with schools and vocational education and training providers in their local communities and help increase student aspirations for further study. Significant performance funding and reforms to student income support, in particular the new relocation scholarship, will provide incentives to students from regional and remote Australia to participate in higher education.

Review of Regional Loading

Regional loading provides extra funding under the Commonwealth Grant Scheme to assist higher education providers with regional campuses in meeting the additional costs associated with operating in a regional area. The loading recognises the unique contribution regional campuses make to their local communities and the higher costs faced by providers because of their location, size and history.

The Australian Government is committed to examining the cost of providing quality teaching and research in regional Australia so that a new, more effective basis for funding can be introduced.

Supporting Structural Adjustment

During the transition period to the student demand driven funding system the current funding floor for universities will be maintained, providing institutions with funding certainty. This transition period will also provide an opportunity for institutions to

consider their strategic direction and focus their activities and missions to achieve long term sustainability.

A structural adjustment fund will promote a stronger, more diverse higher education sector.

This fund replaces the existing Diversity and Structural Adjustment Fund to support broader operational and capital projects, with funding for capital to be considered through the Education Investment Fund. In particular, the new fund will lay the groundwork for providing more sustainable higher education in regional and outer metropolitan areas.

Structural Adjustment

\$402 million

This Budget provides funding over four years to support significant structural change across the higher education sector. This could include the creation of new models of higher education institutions and collaborations between higher education and vocational education and training providers.

The total funding of \$402 million includes \$64 million from the existing Diversity and Structural Adjustment Fund and \$200 million for the capital components of structural adjustment to be funded from the Education Investment Fund.

Feasibility Study – Charles Sturt University and Southern Cross University

As part of the Australian Government’s approach to encouraging more sustainable, diverse and collaborative education institutions, the Government is supporting a feasibility study to explore how Charles Sturt University and Southern Cross University might come together to improve higher education provision for students and for regional communities. Funding of \$2 million from the Diversity and Structural Adjustment Fund has been allocated for the study.

INVESTING IN INFRASTRUCTURE

World leading infrastructure is critical to world leading teaching, learning and research.

The Education Investment Fund (EIF) has a mandate to support capital expenditure and renewal and refurbishment in universities and vocational institutions, as well as in research facilities and major research institutions.

Infrastructure Funding

\$3 billion

The 2009–10 Budget will make a massive investment over four years in tertiary education and research infrastructure.

Australia's tertiary education and research sectors will benefit from a \$934 million capital injection from the EIF round 2. This is a major component of the Government's Education Revolution.

A further \$500 million will be available for EIF round 3 later this year. This will include \$200 million for the capital components of structural adjustment to support universities that choose to refocus their activities and missions in response to the new higher education landscape. There will be a particular focus on supporting collaboration between universities and the vocational education and training sector and developing stronger research networks.

The Government is also acting to confront another great challenge: climate change. It is a challenge for our nation, our economy and our environment. The Government will undertake a special \$650 million Sustainability Round of the Education Investment Fund, including:

- \$400 million for research infrastructure related to the Clean Energy Initiative, and
- \$250 million for VET, higher education and research infrastructure related to climate change and sustainability activities.

The funding for vocational education and training providers and higher education and research institutions is an opportunity to support projects that feature sustainable design, energy efficiency and capability for climate change related research. This will transform our tertiary campuses into 21st century environments that will not only play a key role in delivering a sustainable future through teaching and research, but also act as demonstration sites for new and emerging technologies and enable them to be tested at scale.

As part of the Rudd Government's commitment to creating and supporting the jobs of the future, the planned allocation of \$2.5 billion into the Education Investment Fund will be allocated to the groundbreaking Clean Energy Initiative.

This new initiative will place Australia at the forefront of the response to climate and drive research in clean energy.

A total of \$1.1 billion will also be provided in this Budget for the Super Science Initiative, which will provide funding for large scale nation building projects, allowing Australia to be at the forefront of the global research community.

The \$901 million in capital elements of the Super Science Initiative will be funded from EIF, supporting projects across Space Science and Astronomy, Marine and Climate, and Future Industries that will increase capacity in our universities and research organisations. The Super Science Initiative is outlined in more detail in *Powering Ideas: An Innovation Agenda for the 21st Century*, released by the Minister for Innovation, Industry, Science and Research.

WORKFORCE NEEDS OF THE FUTURE

To ensure that the higher education sector meets the demands of the Australian economy, Skills Australia will provide advice to the Australian Government on the effectiveness of the sector in meeting the broad range of Australia's skill needs. This will complement Skills Australia's existing role in vocational education and training.

In 2005, the student contribution amounts for nursing and teaching were 'frozen' at the existing rates by the previous government to try to stimulate growth in these areas. Student demand has not shown a discernible change since the introduction of the policy but universities have been short changed in resourcing for these areas of study with the Bradley Review finding some universities scaled back activity because of the inadequate funding.

In 2008 the Australian Government announced it would implement its election commitments to encourage more students to study mathematics and science at university. The Government also announced extra university places and incentives for students to study nursing and early childhood education. Consistent with the Government's ongoing interest in supporting critical skills needs, the HECS HELP benefit that now applies to eligible mathematics, science and early childhood education graduates will be extended to nursing and education graduates who take up nursing and education occupations.

Reduction of payments for Higher Education Loan Program (HELP) for nursing and education graduates

\$83 million

Nursing and teacher education graduates who work in nursing or teaching professions will have their compulsory HELP debt repayments reduced (with a commensurate reduction in the debt balance) by up to \$1536 for the 2009–10 income year (indexed in later years). This will apply to people who graduate from second semester 2009 onwards and be available for up to a lifetime maximum of 260 weeks of eligible employment.

The new approach funded in this Budget over four years will encourage nursing and teacher education graduates to take up employment and remain employed as nurses and teachers.

While this measure will increase the student contributions paid by education and nursing students, if they go on to work in the nursing or teaching professions, this additional payment will be more than recouped by the impact of the reduction in HELP repayments for eligible graduates.

For example, a student who starts their education or nursing degree in 2010 will have increased student contributions of around \$3500 over a three year degree. If they take out a HECS HELP loan, this will be the extra that they will borrow. When they start working as a teacher or nurse and their income reaches the threshold for making compulsory repayments (\$41 595 currently) they will be able to claim the HELP payment reduction. If their income for a full year's work as a teacher or nurse is \$50 000, for example, their repayment will be reduced from around \$2250 to around \$700. For the full period of 260 weeks they can claim, they will save more than \$7500.

Increase in the maximum contribution amount for education and nursing units of study

\$33 million

This Budget provides funding over four years for maximum annual contribution amounts at the Band 1 rate instead of the National Priority Band rate for nursing and education units of study.

This will apply to commencing students from 1 January 2010. Existing students will continue with the current arrangements. The increase in student contributions will provide more funding to enable higher education providers to support and expand their course provision in these areas.

OS HELP

The Bradley Review highlighted the benefits to students and the wider community of Australian students being given the opportunity to undertake some of their study overseas. An overseas study experience can provide Australian students with valuable language skills and cultural understandings and help them develop personal networks that will benefit them as members of the global workforce.

OS HELP loans provide cash payments to eligible undergraduate Commonwealth supported students to assist them in pursuing part of the study towards their Australian higher education qualification overseas.

Removal of loan fee on OS HELP loans

\$17 million

The Government will remove the loan fee for new OS HELP loans from 1 January 2010 in this Budget.

The 20 per cent fee for OS HELP has been a disincentive for students to apply for loans and has limited the efforts of Australian universities to encourage their students to take up study abroad options.

SUSTAINING AUSTRALIA'S INTERNATIONAL EDUCATION AND TRAINING

Study in Australia 2010 is a \$3.5 million initiative designed to sustain Australia's international education and training sector into the future, particularly given the impact of the global recession.

The Australian international education industry is a critical part of the economy. It is Australia's third largest export industry and contributes \$15.5 billion to the nation's economy. Over 500 000 international students study in Australia and offshore.

Study in Australia 2010 supports the Bradley Review's focus on international education and aims to ensure Australia continues to be a leading and appealing destination for international students. This initiative will focus on six priority countries: China, India, South Korea, Indonesia, Malaysia and Thailand.

Study in Australia 2010 provides targeted support for the Australian international education industry in what is an increasingly competitive marketplace, and offers guidance and support to the industry in responding to the global economic recession.

The Prime Minister’s Australia Asia Endeavour Awards

The Australian Government responded to the 2020 Summit by committing to deliver a new scholarship scheme: the Prime Minister’s Australia Asia Endeavour Awards.

These awards will provide scholarships for the best and brightest university students from Australia and Asia. They will build deep and enduring links with Australia’s neighbours, with long term benefits for education, trade and security, as well as enriching all our cultures.

The Prime Minister’s Australia Asia Endeavour Awards will also enhance the current Endeavour Awards, the Australian Government’s internationally competitive, merit based scholarship program.

Prime Minister’s Australia Asia Endeavour Awards

\$14.9 million

In this Budget the Australian Government is committing \$14.9 million over four years to the Prime Minister’s Australia Asia Endeavour Awards.

Forty scholarships will be awarded annually to Australian university students, 20 at the undergraduate level and 20 at the postgraduate level. The scholarships will allow Australian students to undertake one year of study in Asia, which can be followed by an internship or work placement also in Asia.

Ten scholarships will also be awarded to the top international Endeavour Postgraduate Awards scholars from Asia each year to study in Australia.