Budget 2020 – Social Services: Income support

Income Support Overview

Women were already over-represented in reduced employment outcomes, levels of poverty, and reliance on income support payments prior to the COVID-19 pandemic and its attendant effects on the Australian economy. The recession and the overwhelming focus on male-dominated industries for stimulus support means Australia is facing a 'she-cession.'

The Coronavirus supplements and other short-term supports provided by the Government lifted women and children out of poverty. They should be retained, particularly as we enter a recession. Proper indexing of cost of living increases would also assist in keeping Australians out of poverty.

The Targeted Compliance Framework (TCF), which is attached to many income support payments, jobactive, and ParentsNext, is punitive, controlling, and ineffective at supporting people into employment. The TCF needs to be revisited.

Income support

The Budget

The Government will provide $16.8 billion over five years from 2019-20 to new and existing income support recipients during the COVID-19 pandemic.

Since 27 April 2020, the Government established a new time-limited Coronavirus Supplement to be paid at a non-income tested rate of $550 per fortnight. This is paid to both existing and new recipients of JobSeeker Payment, Youth Allowance, Parenting Payment, Austudy, ABSTUDY Living Allowance, Farm Household Allowance, Special Benefit, and recipients of the Department of Veterans' Affairs Education Schemes, *Military Rehabilitation and Compensation Act* Education and Training Scheme and Veterans' Children's Education Scheme.

From 25 September 2020 this supplement will change to $250 per fortnight and continue to 31 December 2020. The income free area will change to $300 per fortnight with a 60 cents taper for income earned above the income free area for JobSeeker Payment (except principal carer parents who have an income free area of $106 and a taper rate of 40 cents) and Youth Allowance (other) recipients.

Payment eligibility has been relaxed on a temporary basis, with the One Week Ordinary Waiting Period being waived from 12 March 2020, and a range of further exemptions, including waiving the Newly Arrived Residents' Waiting Period, Assets Test, Liquid Assets Waiting Period and Seasonal Work Preclusion Period, have been applied from 25 March 2020. Eligibility criteria for JobSeeker and Youth Allowance (Other) has also been extended to allow sole traders and the self-employed to access the payments provided they meet income test requirements. From 25 September 2020 the Assets test and Liquid Assets Waiting Period will be reinstated with all other eligibility waivers continuing to 31 December 2020.

Mutual obligation requirements were temporarily lifted on 24 March 2020 and then gradually reinstated from 9 June 2020 in line with the gradual removal of COVID-19 restrictions. Mutual obligations will be changed to give job seekers greater flexibility to count education and training toward their activity requirements.

This measure forms part of the Government's economic response to COVID-19. (Source: 2020 Budget Paper 2, pp. 270-271.) *For the entire income support budget, please see 2020 Social Services Portfolio, Budget-Related Paper No. 1.12, pp. 33 – 47.*

COVID-19 Response Package — income support for individuals

Payment ($m)	2019-20	2020-21	2021-22	2022-23	2023-24
Department of Social Services	5,873.7	11,869.9	0.2	-	-
Services Australia	31.5	109.6	2.1	0.7	0.8
Department of Agriculture, Water and the Environment	18.1	47.7	-	-	-
Department of Education, Skills and Employment	14.5	150.2	63.3	32.9	21.6
Department of Veterans' Affairs	2.9	5.8	-	-	-
Department of Health	1.6	1.3	-	-	-
Total — Payment	5,942.3	12,184.5	65.6	33.6	22.4
Related receipts ($m)					
Australian Taxation Office	-	*600.0*	*900.0*	-	-
Related capital ($m)					
Department of Education, Skills and Employment	*2.1*	*0.4*	-	-	-
Department of Veterans' Affairs	*0.3*	*0.3*	-	-	-
Total — Capital	*2.3*	*0.8*	-	-	-

Source: 2020 Budget Paper 2, p. 270.

Gender implications

Why is this an issue for women?

Women are more likely to live in poverty than men, with 20% of all women living in poverty compared to 17% of men (OECD, 2019). Women also spend more years living in poverty compared to men (The Melbourne Institute, 2017, p.36).

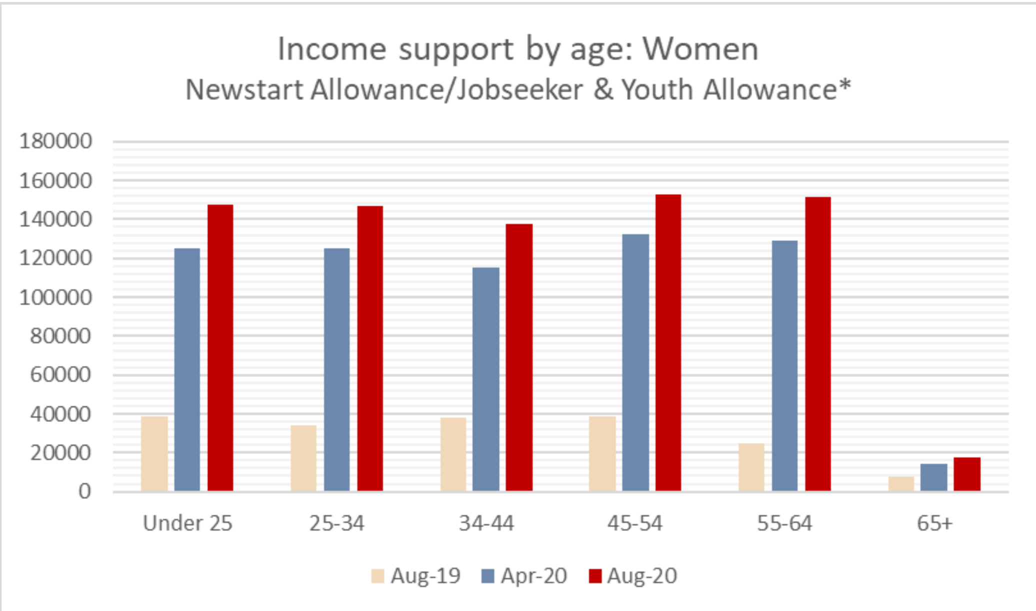
The gender pay gap remains entrenched at 14% (WGEA, 2020). Economic modelling indicates that many of the gains the gender pay gap in recent years actually reflect that pay is getting worse for men rather than improving for women, and this is more likely to happen during times of economic contraction such as we are now experiencing (Cassells, 2017). Furthermore, the gender pay gap is modelled off of full-time wages; when part-time employment is considered, the gender pay gap more than doubles (Dawson, 2020). The gender pay gap also persistently reflects a premium paid in male-dominated industries compared to female-dominated (WGEA, 2019).

Some of this is due to gendered expectations for women, including being the primary carer of children (WGEA, 2018; Kleven, Landais & Søgaard, 2018), which compromises employment opportunities in myriad ways. Women are also much more likely to provide other unpaid caring support (ABS, 2019), and this gender disparity has increased since the onset of COVID-19 (AIFS, 2020). Despite having higher educational attainment than men (WGEA, 2019), women are more likely to be working part-time, below their capacity, and in precarious employment (Maury, 2017).

Unsurprisingly, women in Australia are also more likely to be reliant on income support when compared to men. According to June 2020 data, when consolidating all Centrelink payment types women make up 57% of recipients (AIHW, 2020). However, when looking specifically at the Jobseeker allowance, their numbers are 14% below those of their male counterparts.

While women are less likely than men to be on the Jobseeker (then Newstart) payment, their numbers have skyrocketed for all age groups below retirement age, effectively doubling the number of women on either Jobseeker or the Youth Allowance. Figure 1 provides a comparison of women on the Newstart Allowance and the Youth Allowance at August 2019 (pre-pandemic); and on Jobseeker and the Youth Allowance at April 2020 (approximately one month into the pandemic response), and August 2020 (the most recent data set available). Women aged between 45-65 are the most likely to be on Jobseeker, with women aged 34-44 least likely. The numbers show a marked increase between April and August of this year for all age groups.

Figure 1: Changes in income support for women by age, pre- and post-COVID-19



** The age brackets used to report data has changed since August 2019; the numbers in this column are therefore approximate but not exact.*

Single parent families, 83% of whom are female-headed, remain the family type with the greatest experience of poverty (ABS, 2019). With the transfer of thousands of single parents to the Newstart Allowance annually since 2007, poverty has risen for sole parent families from 47% to 66% between 2009 and 2014 (ACOSS and UNSW, 2020, p. 28 footnote 21). Furthermore, while child support payments are often factored into single-parent families' income calculations by Centrelink, it can also be very difficult for mothers to collect (Natalier and Edwards, 2019). While adequate child support payments that are received on time can alleviate poverty (Skinner, Cook and Sinclair, 2017) and assist single mothers to return to the workforce (Fisher, 2017), Australia's system places the onus on women to collect payments from non-compliant former partners, which means it is commonplace to have late or missed payments (Goodall & Cook, 2019).

And yet mothers are highly motivated to do all they can to create an economically secure future for themselves and their children. The Department of Social Services reports that women who are reliant on Newstart are much more likely to have earned income compared to men – 21% compared to 12.5%. Of this group, women are much more likely to be earning 'significant' income ($254+ per fortnight); 16.2% of women compared to 9% of men (Department of Social Services, 2019).

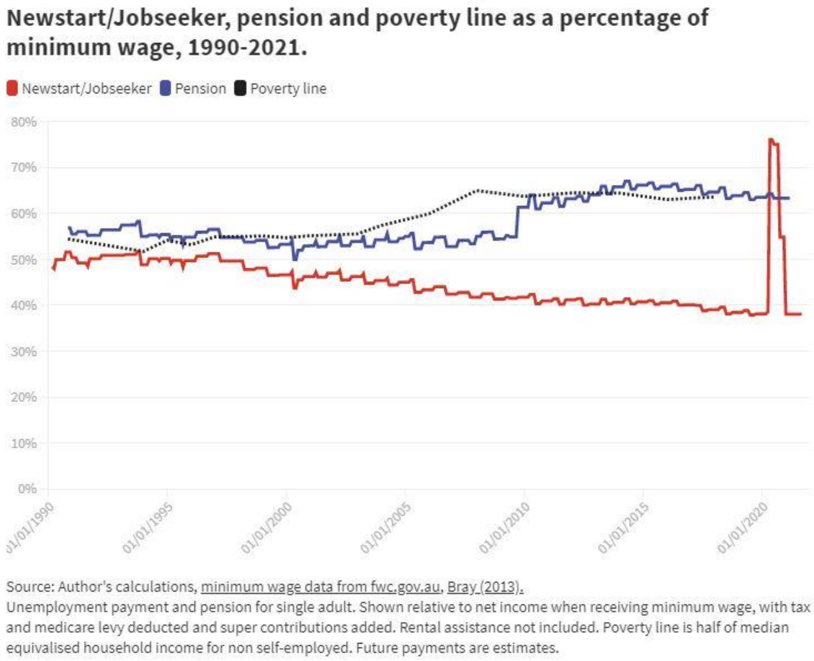
What are the 2020 Budget impacts on women?

In March 2020, the Government provided a $550 per fortnight supplement to recipients of the Jobseeker Payment, Parenting Payment, Youth Allowance, Farm Household Allowance, Special Benefit, Partner Allowance, Widow Allowance and student payments. This was reduced by 50% on 25 September, and will be eliminated completely on 31 December (Klapdor, 2020). Fifteen per cent of women reported receiving the supplement compared to 11% of men in a recent ABS household survey (ABS, 2020). Additionally, many mutual obligation requirements, including intensive reporting, jobseeking and meetings were temporarily suspended.

Analyses conducted by ANU researchers (Phillips, Gray & Biddle, 2020) demonstrate the impact that these changes have had on poverty in Australia. Despite the current economic downturn, poverty rates in Australia have decreased by 33% due to the COVID-19 supplement, while without the supplements poverty was projected to double. For those already on either Newstart/Jobseeker or the Youth Allowance, the poverty rate has dropped a dramatic 90% when compared to pre-pandemic rates to June data. Without the supplement, poverty for this group would have risen. Projections are that the September and December reductions will see a commensurate rise in poverty rates for people on these payments.

Figure 2 below shows the poverty line (dotted black line), and the dramatic but short-term change in poverty rates for those receiving the supplement on Jobseeker (Bradbury and Whiteford, 2020). Note also that the Pension rate (blue line) is keeping just at or slightly below the poverty line.

Figure 2: Income support payments in relation to the poverty line



Temporary payment increases have had a dramatic impact on many vulnerable populations. Single mothers reported that these changes, while in effect, reduced their anxiety as their financial security increased and allowed them to pay household bills; increased their health and nutrition as they could afford proper food purchases; and even improved sleep due to the reduction in money stress; many also reported being able to have critical dental work done (Edwards, 2020).

The proposed return to the grossly inadequate Newstart payment levels in December will be even more harsh during a recession, when the competition for jobs is even greater, thus condemning the most disadvantaged to crushing poverty and lessening the impact their spending would have on stimulating the economy (Deloitte, 2020). NFAW is pleased the treasurer has flagged the government's willingness to look at what a permanent change to the level of payments.

Creating stress and anxiety through the TFC and mutual obligation requirements may be an intentional strategy for encouraging people off of income support. However, research does not support this outcome. Rather, chronic psychological stress saps cognitive resources and makes it more difficult to plan and execute long-term goals (Maury, 2019). The Federal Inquiry into jobactive agreed with this assessment: "The committee is of the view that the new TCF arrangements are unnecessarily burdensome and prioritise a punitive compliance approach over meaningful employment outcomes" (Parliament of Australia, 2019, paragraph 8.22).

Recommendations

1. NFAW recommends that the $550 per fortnight supplement remain in place, at least for women who are not in a position to seek permanent, full-time employment. For women who have unique constraints and barriers to entering the workforce, lifting them above the poverty line will continue to mitigate the rate of poverty and its effects, including on children, in Australia.

2. The TFC and mutual obligation requirements should be amended to ensure that breaches do not result in a payment suspension. Additionally, obligations should not be onerous, as creating stress reduces capacity for productivity.

Budget 2020 – Social Services: Indexing

Indexing Overview

Women were already over-represented in reduced employment outcomes, levels of poverty, and reliance on income support payments prior to the COVID-19 pandemic and its attendant effects on the Australian economy. The recession and the overwhelming focus on male-dominated industries for stimulus support means Australia is facing a 'she-cession.'

In terms of income support, proper indexing of cost of living increases would assist in keeping Australians out of poverty.

Indexing

The Budget

Indexing is not specifically detailed in the budget, other than as it appears in forward estimates for each income support payment type.

Most income support payments are adjusted for cost of living twice yearly, in March and September. For the first time in 20 years, most payments did not receive a cost of living index adjustment in September of 2020. This is directly related to the economic downturn that Australia is currently experiencing (Klapdor, 2020).

Gender implications

Why is this an issue for women?

Because women make up 57 per cent of all income support recipients, and experience poverty at higher rates than their male counterparts, the indexation of income support payments is of critical importance to them.

The JobSeeker payment is indexed to the Consumer Price Index (CPI), which monitors a generic 'basket of goods' for price increases across a broad range of items. Calculated by the Australian Bureau of Statistics (2019c), the CPI includes 11 major groups of expenses:

- Food and non-alcoholic beverages
- Alcohol and tobacco
- Clothing and footwear
- Housing

- Furnishings, household equipment and services
- Health
- Transport
- Communication
- Recreation and culture
- Education
- Insurance and financial services.

Data is drawn primarily from the Household Expenditure Survey and is updated quarterly. The CPI is intended to track changes in cost of living.

However, this approach has two main deficiencies. First, the 'basket of goods' identifies an average cost increase, but fails to differentiate essential services (such as rent, food or utilities) from discretionary costs (such as clothes, leisure pursuits or travel). As a consequence, it unfairly disadvantages people on income support:

> Those receiving government pensions and allowances spend proportionally more of their income on food, housing (rents), communications and utilities than other groups, and hence are more vulnerable to changes in these prices. Conversely, they spend proportionally less on items such as clothing, health, transport and recreation when compared to…'all households'… and thus are less impacted if the price of these items changes. In order to understand the impact of price rises on those receiving government pensions and allowances, more specific calculations are [needed]. (Dufty, 2012, p. 2)

This problem was identified by the Harmer review into pensions (Harmer, 2009); the author differentiated between a 'plutocratic' CPI (what is used) and a 'democratic' CPI, which would weight the essential purchases of middle- and low-income households.

A comparison of household expenditures by socio-economic quintile (that is, the most disadvantaged 20% of households compared to the least disadvantaged 20% of households) and the average across all households is provided below (Table 1). This data is drawn from the most recent Household Expenditure Survey (ABS, 2017), with costs reported not in real dollar terms but rather as a percentage of entire household expenditures. This demonstrates why the CPI is not in fact representative of cost of living increases for households with restricted finances. For example, the most disadvantaged households spend nearly 30% more on food as a percentage of overall expenditure than the highest income households, 26% more on housing, 72% more on utilities and 42% more on communications. Conversely, these households spend 21% less on clothing and nearly 40% less on recreation.

Table 1: Comparison in expenditure between all households, lowest income quintile and highest income quintile (2017)

	All households	20% lowest-income households	20% highest-income households	% Variance low-high
Food	16.6%	19.1%	14.3%	+28.7%

Clothing	3.1%	2.5%	3.1%	-21.4%
Housing	19.6%	23.4%	18.0%	+26.1%
Medical	5.8%	5.8%	5.7%	+1.7%
Transport	14.5%	12.5%	15.7%	-22.7%
Communica-tions	3.3%	4.0%	2.6%	+42.4%
Recreation	12.1%	9.0%	13.4%	-39.3%
Utilities	2.9%	4.5%	2.1%	+72.7%

Source: Jericho, G. (2017), based on Housing Expenditure Survey data (2017).

The only expenditure that is comparable is medical, and this may be in part due to a socialised medical system and in part due to the poorest households foregoing medical treatment (Australian Institute of Health and Welfare, 2018). It seems this is a likely explanation, with recent evidence showing (then) Newstart recipients report poor health at 6.8 times the rate of wage earners, and that they are 1.5 to 2 times increased risk of hospitalisation (Collie, Sheehan & Mcallister, 2019).

Data collected in 2019 indicates that essential services are experiencing inflation at a higher rate than other consumer goods and services. Since the end of 2013 the overall consumer price index has increased 10.4%. However, the cost of essential services – those items which make up the majority of household expenses for low-wage households – is rising at more than twice that rate. For example, education-related costs have risen nearly 25%, childcare is up 26.7%, medical/hospitalisation costs are up 36%, electricity is up 12% and gas has risen 16% (Wright, 2019). Wages have not kept pace, rising between 12-13% since 2013, while Newstart has not grown at all in real terms across that time.

To better reflect real changes in cost of living, an indexation system must include:

1. a weighted indexing that preferences essential costs for lower-income households, and
2. wages growth.

The Australian Bureau of Statistics (ABS, 2019) has already resolved the problem of a weighted index, by creating a new index in 2009 called the Pensioner and Beneficiary Living Cost Index (BPLCI). This is a sub-set of their Selected Living Cost Indexes (SLCIs), which examines the differential impacts of price changes in various goods and services for different household types: employee households (primary income source is from employment); age pension households; other government transfer recipient households; and self-funded retiree households. The PBLCI specifically examines the impacts of price changes on households that are dependent on income support:

> The PBLCI represents the conceptually preferred measure for assessing the impact of changes in prices on the disposable incomes of households whose income is derived principally from government pensions or benefits. In other words, *it is particularly suited for assessing whether the disposable incomes of these households have kept pace with price changes*. (ABS, 2019, emphasis added)

For example, the ABS calculations reveal stark differences in the percentage of household income that goes towards housing – just under 15% for employee households compared to almost 24% for PBLCI households (Ibid.)

The Age Pension has kept pace with true changes in cost of living because it is indexed to real changes in purchasing power:

> Base pensions are indexed twice a year, on 20 March and 20 September, to reflect changes in pensioners' costs of living and wage increases. The pension is increased to reflect growth in the Consumer Price Index and the Pensioner and Beneficiary Living Cost Index, whichever is higher. When wages grow more quickly than prices, the pension is increased to the wages benchmark. The waged benchmark sets the combined couple rate of pension at 41.76 per cent of Male Total Average Weekly Earnings. The single rate of pension is two-thirds of the couple rate. (Department of Social Services, 2019)

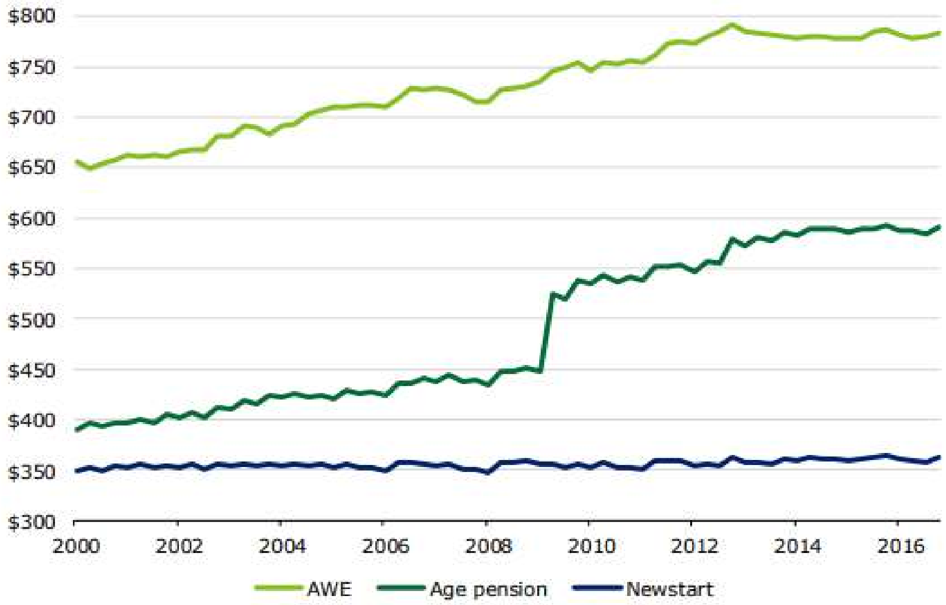
This practice is due to the analyses and recommendations put forward by the Harmer review (Harmer, 2020). Importantly, the review was limited to the pension payment only, although the author did demonstrate how using the 'plutocratic' CPI was quickly reducing the true value of the Newstart Allowance.

Conversely the JobSeeker payment is indexed solely to the CPI. As discussed above, the CPI is a blunt measure of overall changes in consumer costs, and is not designed to reflect cost of living pressures in low income households.

Including a wage index is critical to ensuring income support payments rise commensurate with true changes in the cost of living (Deloitte Access Economics, 2018). Specifically, using the correct index will protect the real value of payments, while benchmarking benefits to the Male Total Average Weekly Earnings ensures there is protection of the standard of living that those payments represent (Lewis, 2015).

The graph in Figure 3, below, demonstrates how poorly calculated indexing left the (then) Newstart payment well behind the Age Pension, when in 2000 there was less than $50 separating the two payments.

Figure 3: Indexing differences on valuations of the pension and the Newstart Allowance compared to average wages (Source: Deloitte Access Economics, 2018)



Source: Commonwealth Treasury; ABS Cat No. 6302.0, 6401.0; Deloitte Access Economics.
Note: series are deflated by the CPI and are in 2000-01 dollars. AWE is average weekly earnings

What are the 2020 Budget impacts on women?

By maintaining the sole use of the CPI in most income support payments, poverty is being exacerbated for many women and their children. With more women relying on income support payments as a result of the Coronavirus pandemic, when the COVID-19 supplements are removed poverty will increase dramatically for thousands of households.

Recommendations

1. Income support payments should be calibrated to keep households out of poverty.

2. The PBLCI, as designed by the ABS, should be utilized to better reflect true cost of living increases for all income support payments.

Budget 2020 – Social Services: Extra payments to pensioners

Extra payments to pensioners overview

Women were already over-represented in reduced employment outcomes, levels of poverty, and reliance on income support payments prior to the COVID-19 pandemic and its attendant effects on the Australian economy. The recession and the overwhelming focus on male-dominated industries for stimulus support means Australia is facing a 'she-cession.'

Extra payments to pensioners helped lift a range of women and their children out of poverty. They should be retained at least until the indexation returns to a positive.

Extra payments to pensioners

The Budget

The Government will provide $2.6 billion over three years from 2020-21 to provide two separate $250 economic support payments, to be made from November 2020 and early 2021 to eligible recipients of the following payments and health care card holders:

- Age Pension
- Disability Support Pension
- Carer Payment
- Family Tax Benefit, including Double Orphan Pension (not in receipt of a primary income support payment)
- Commonwealth Seniors Health Card holders
- eligible Veterans' Affairs payment recipients and concession card holders.

The payments are exempt from taxation and will not count as income support for the purposes of any income support payment.

This measure forms part of the Government's economic response to COVID-19 and builds on the July 2020 Economic and Fiscal Update measure titled COVID-19 Response Package — payments to support households. (2020 Budget Paper No.2, p.151).

COVID-19 Response Package – further economic support payments				
Payment ($m)	2020-21	2021-22	2022-23	2023-34
Department of Social Services	43.3	2.1	-	-
Department of Veterans' Affairs	-	-	-	-
Services Australia	-	1.1	-	-
Total - payments	43.3	3.1	-	-

Source: 2020 Budget Paper No. 2, p. 151.

Gender implications

Why is this an issue for women?

This payment is intended to offset the usual indexation payment increases because Australia's current low rate of inflation meant the index used for these payments was negative. The payments are welcome as the majority of recipients are women.

For most Australians, income is the most important resource they have to meet their living costs. Women are over-represented at the lowest income levels. DSS demographic data for June 2020 (DSS, 2020) demonstrated that there were more women than men in 21 of the 27 payments listed. Nearly 60% of all recipients are women.

Of the $2.6 billion, nearly all is allocated for this financial year which may prove insufficient if the indexation arrangement remains negative.

Recommendations

Economic support payments should be retained until the indexation returns to a positive.

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Budget 2020 – Social Services: jobactive

jobactive Overview

Women were already over-represented in reduced employment outcomes, levels of poverty, and reliance on income support payments prior to the COVID-19 pandemic and its attendant effects on the Australian economy. The recession and the overwhelming focus on male-dominated industries for stimulus support means Australia is facing a 'she-cession.' Our analysis and primary recommendations within this portfolio are:

jobactive should be re-designed to provide meaningful supports back into employment for women. This includes monitoring the client experience rather than employer ratings of service quality, transferring responsibility for the TCF to Centrelink, and providing more flexible options for engagement.

jobactive

The Budget

The Employment Services system has the following key objectives: to help job seekers find and keep a job; to help job seekers move from welfare to work; to help job seekers meet their mutual obligations; that jobactive providers deliver quality services; to help young people move into work or education; and to support parents to build their work readiness to help them on a pathway to education or work.

Performance criteria:

- Fund jobactive providers to connect job seekers to employment, including providing tools (such as wage subsidies and the Employment Fund) and offering a range of services and support to employers.
- Help job seekers find and keep a job.
- Help job seekers move from welfare to work.
- Help job seekers meet their mutual obligation requirements.
- jobactive organisations deliver quality services. [Editor's note: The quality service in this instance is measured by employers that interact with jobactive providers, rather than clients; see page 78.]

Source: 2020 Dept. of Education, Skills and Employment Portfolio, Budget Related Paper No. 1.4, pp. 75 – 78.

Payment ($m)	2019-20	2020-21	2021-22	2022-23	2023-24
jobactive	1,479,464	2,073,655	2,154,591	2,193,257	2,146,406

Source: 2020 Dept. of Education, Skills and Employment Portfolio, Budget Related Paper No. 1.4, p. 73, table 2.4.1.

Gender implications

Why is this an issue for women?

Women's career development is generally different from men. It is often more complex (for example, conflict between work and family) and is often characterised by different career stages or patterns (for example, intervals away from full time employment to assume care responsibilities).

The Australian labour market is also highly gender-segregated by both industry and occupation, a pattern that has persisted over the past few decades and the level of segregation has increased (WGEA, April 2019). This is despite substantial growth in women's labour supply, growth in educational attainment, and growth in combining work with raising families.

COVID-19's impact on unemployment levels needs to take into account gendered impacts. Research into the impact of the pandemic on Victorian employment, where containment measures have been in place much longer than in other parts of Australia, find that women have lost more jobs, resulting in the highest levels of female unemployment recorded (McKell, 2020). Jobactive services will be crucial to unemployed women in the face of growing and sustained unemployment.

This Budget jobactive providers have received a substantial boost in funding, due to a number of COVID-19 initiatives -- the large increase in the number of people on JobSeeker, the JobMaker hiring credit initiative, and also funding for relocation assistance and incentives to take up seasonal work.

NFAW is concerned the additional large new revenue stream may bias providers' assistance towards young unemployed if providers believe they will receive greater payments for placements under JobMaker, given the size of the program.

In addition, Budget savings of $1.4 billion will be achieved through the continued rollout of the online employment services platform on the jobactive website. The online facility was created in April 2020 in response to the increased demand for Centrelink payments and employment services due to COVID. NFAW is concerned that there is no facility for an opt-out option in order to receive direct assistance. This is particularly important for those who do not have online access or are not familiar with online platforms.

Prior to COVID, long-term unemployment had been growing faster for women and older people. Between 2007 and 2019 the share of female recipients on JobSeeker for more than one year or more rose from 48% to 71%. Half of the people receiving unemployment benefits were over 45. Women over 60 and women over 45 years of age made up the largest groups on the payment. (Parliamentary Budget Office, 2020, figure 2-7, p.16). Much of the increase for older women has been due to the closure of the partner allowance, wife pension, widow pension and the widow allowance, with the largest increase due to rise in the age eligibility for the age pension (Morris, 2019). Despite this, Government data shows that, rather than workforce participation tapering off for older women, it is nearly level with women of prime working age: 58.8% compared to 59.2% (Australian Government, 2017). Nearly 70% of employed older women expressed experiencing financial pressure to continue in the workforce, with 300,000 women requiring multiple jobs (Price, 2019).

Older people suffer significant disadvantage in the labour market, with older women more disadvantaged (AHRC, 2018). Their prospects for recovery are poor and they will need to be able to rely on jobactive to be able to tailor its assistance appropriately.

Jobactive is largely responsible for the implementation of the Targeted Compliance Framework (TCF) which covers the JobSeeker, Disability employment services and ParentsNext programs. The framework is part of what was a growing list of damaging policies that negatively impacted on people on low incomes. These include robodebt, income maintenance, ParentsNext, drug and alcohol testing, the demerit system, payment suspensions and the national rollout of the cashless debit card as part of the "compassionate conservatism" the Prime Minister cited when he was the Minister for Social Services. The TCF utilizes what is known as 'mutual obligations,' in which individuals are obligated to specific activities – generally reporting, jobseeking, and attending meetings – in exchange for receiving their benefit payment.

According to the TCF Public Data Report – 1 July 2019 to 31 December 2019 (Department of Education, Skills and Employment, 2020), the latest report available, suspensions and penalties have increased substantially under the TCF. Suspensions can result in non-payment of benefits for four to six weeks, and penalties can result in cancellation of payments. Fifty percent of women using jobactive are required to undertake job search. Data in the TCF report are not disaggregated by program or gender but the report indicates around 40% of people received suspensions or penalties.

Given the growing number of women in these programs, and the return to mutual obligations, this is a serious concern.

Prior to COVID many women had a partial exemption from job seeking because they worked part time. Because many of these jobs were contractual and short-term, many women lost their jobs but were not eligible for JobKeeper (MacDermott, 2020). As job opportunities open up, these women may now have to compete with young people eligible for the JobMaker wage subsidy.

The percentage of employers using jobactive to source new employees is low; some estimates put the rate at about 5%. The department's annual reports from 2015 to 2018 indicate that over a third of job placements were not for secure or ongoing employment (Department of Education, Skills and Employment).

What are the 2020 Budget impacts on women?

Because women have lost employment at higher numbers than men, and stimulus measures are almost exclusively targeting male-dominated industries, it is anticipated that Australia is on the brink of a 'she-cession' (Risse, 2020). Women have reported interacting with jobactive providers as demeaning, stressful, and controlling but seldom helpful (McLaren, Maury & Squire, 2018). The high number of unemployed or underemployed women will mean they are disproportionately impacted by the punitive and controlling TCF, and may be shut out of meaningful employment for years.

Recommendations

1. The JobSeeker coronavirus supplement should be retained for JobSeeker, Parenting Payment and Youth Allowance recipients.

2. Jobactive provider's provision of 'quality services' should be measured based on client experience, rather than employer experience.

3. Savings from the online facility should be directed to greater tailored assistance for the most disadvantaged.

4. Participants should have an opt-out option from online services.

5. The TCF should remove the automated function that immediately marks an individual as out of compliance, as it appears to be too hasty and leads to an unacceptably high number of no-fault suspensions.

6. Responsibility for the TCF framework should be transferred from contracted service providers to Centrelink, with discretion introduced over the imposition of penalties and suspensions.

7. TCF data should be published more quickly and should be disaggregated by gender and program.

8. Given the large number of older women with no recent work experience due to caring or long-term unemployment, career counselling and support services should be boosted for this group.

9. Women who have left the labour force should be provided access to jobactive services.

Budget 2020 – Social Services: Parenting payments

Parenting Payments Overview

Women were already over-represented in reduced employment outcomes, levels of poverty, and reliance on income support payments prior to the COVID-19 pandemic and its attendant effects on the Australian economy. The recession and the overwhelming focus on male-dominated industries for stimulus support means Australia is facing a 'she-cession.'

The Coronavirus supplements and other short-term supports provided by the Government lifted women and children out of poverty. They should be retained, particularly as we enter a recession.

Parenting payments

The Budget

Note: there is no budget statement concerning Parenting Payments.

Parenting payment is the primary income support payment for the main carer of a young child (including job seekers who are main carers of young children). The child must be under eight for single people or younger than six for a couple.

2018/19	2019/20	2020/21	**2021/22**	**2022/23**	**2023/24**
Parenting Payment Partnered					
833,156	1,113,983 (Budget estimate was 809,330)	1,238,206	703,808	722,853	733,733
Parenting Payment Single					
4,421,759	5,183,559 Budget estimate was 4,503, 326)	5,910,828	4,250,723	4,317,993	4,383,554

Source: Department of Social Services, 2020 Budget Related Paper No. 1.12, table 2.1.2, p. 43.

Gender implications

Gender implications

Why is this an issue for women?

Over 90% of parenting payment recipients are women. Until this year, numbers on the payments were declining. Last year's budget estimates, contained in brackets in the above table, show how COVID has caused a sharp increase in the number of women accessing the payment. Taking the payments together, there appears to be a likely increase of over 900,000 recipients in 2019-20.

These are women among the poorest in Australia. The Poverty in Australia 2020 report part 2 (UNSW and ACOSS, 2020), shows that sole parent families have the highest poverty rate of all household types, at 35%. The planned removal of the Coronavirus Supplement in December appears unjustified. NFAW also questions the predicted drop in numbers in 2021/22.

Recommendations

1. The Coronavirus Supplement should be retained to stave off poverty for some of the poorest households in Australia.

Budget 2020 – Social Services: ParentsNext

ParentsNext Overview

Women were already over-represented in reduced employment outcomes, levels of poverty, and reliance on income support payments prior to the COVID-19 pandemic and its attendant effects on the Australian economy. The recession and the overwhelming focus on male-dominated industries for stimulus support means Australia is facing a 'she-cession.'

It is not evident that the ParentsNext model has adequately addressed the shortcomings addressed by the Inquiry. The program is injurious to participants and if retained should be made voluntary, be decoupled from the TCF, and provide more funding to support women into meaningful employment that will ensure their financial security longer term.

ParentsNext

The Budget

The Government has invested $403 million into the national **ParentsNext** program over four years from 2020-21. ParentsNext is a pre-employment program that supports parents to plan and prepare for employment by the time their youngest child reaches school age. Between 1 July 2018 and 31 August 2020, more than 133,000 parents were supported through ParentsNext, over 56,000 parents started education and over 27,000 parents gained employment. On 31 August 2020, 95 per cent of participants were women, 20 per cent were Indigenous Australians, 19 per cent were from a culturally and linguistically diverse background and 19 per cent were under 25 years.

Changes to ParentsNext from 1 July 2021

Outcome 4: Foster a productive and competitive labour market through policies and programs that assist job seekers into work and meet employer needs.

	2019-20 Est actual $'000	2020-21 Budget $'000	2021-22 Forward est $'000	2022-23 Forward est $'000	2023-24 Forward est $'000
ParentsNext	$86,679	$94,450	$106,658	$111,079	$91,117

Source: 2020 Department of Education, Skills and Employment Budget Related Paper No. 1.4, p. 73.

According to the 2020 Women's Economic Security Statement (pp. 41-42), this measure invests an additional $24.7 million and introduces changes to the program to simplify eligibility criteria, better direct support to those most in need, and extend access to financial assistance to all participants. It is anticipated that these changes will also benefit a significant number of Aboriginal and Torres Strait Islander families. Parents will be in a better position to move into employment when they are ready and as jobs are recovered or created in the labour market. This will provide assistance to approximately 235,000 parents.

Gender implications

Why is this an issue for women?

ParentsNext is a program aimed at low-income parents with very young children; a very high proportion of participants are single mothers. Currently it has two streams. The Intensive Stream is determined by location with a particular focus on communities with high Indigenous representation, while the Targeted Stream programs are located in jobactive employment regions (Australian Government, 2018). Depending on the type of stream, enrolment captures those whose youngest child is between the ages of 6 (Intensive) – 9 months (Targeted) and 6 years (school age). Intensive Stream participants qualify for a $1,200 Participation Fund, which is brokerage money for "goods and services that genuinely support and assist Intensive Stream Participants to gain the tools, skills and experience they need to prepare for future employment" (Dept. of Education, Skills and Employment, 2018).

The government reports that of the 133,000 people who have been enrolled in the program, 95% are women, 20% Indigenous, 19% from culturally and linguistically diverse backgrounds and 19% under the age of 25 (Women's Economic Security Statement, 2020, p. 41). This has led to an assessment that ParentsNext is discriminatory because it deliberately targets women and Indigenous parents; there are also concerns about the program's treatment of other vulnerable groups (Senate Inquiry, 2019, section 2.35 – 2.86).

ParentsNext is compulsory for the majority of those enrolled, with four participation requirements: attending appointments, choosing and attending activities, making and agreeing to a participation plan, and report to both Centrelink and ParentsNext providers (Department of Education, Skills and Employment). Failure to fulfil any of these obligations results in a suspension of payments. Government data revealed that in FY 2018, 33,620 people had their payments suspended; however, on review only approximately 15% of this number were found to be "without valid excuse" for failing to meet requirements (Henriques-Gomez, 2019). As the poorest household type in Australia, single mother households cannot afford suspension in payments.

Parents who have been enrolled in ParentsNext have raised many concerns about the punitive nature of the program. These include the lack of flexibility when life with an infant or young children is so unpredictable, the enforced participation in child development and other activities, the lack of flexibility for missing such activities (for example, because a child was unwell or because they attended preschool instead of story time or swim lessons), the strict reporting requirements even for women who were exempt, sub-standard support from some providers, the difficulty of withdrawing from the program, the pressure to sign privacy waivers, the lack of any positive outcome either in employment or parenting domains, and the increased financial instability due to the compliance requirements (Council of Single Mothers and their Children, 2019). A petition to make ParentsNext voluntary received close to 40,000 signatures, mostly from women who were enrolled in the program (Lambert, 2019).

The Senate Inquiry into ParentsNext (ParentsNext, including its trial and subsequent broader rollout, 2019) recommended that the ParentsNext program should not continue in its current form. Rather, the Panel suggested, amongst other things, that it employ a process of codesign with parents and experts to re-shape it “into a more supportive pre-employment program which meets the needs of parents and acknowledges and addresses the structural barriers to employment which they face” (Senate Inquiry, 2019, Recommendation 2).

The budget papers outline three primary changes to ParentsNext, to come into effect 1 July 2021:

1. Expand the program. While this is called an ‘expansion’ (Budget Paper 1, page 1-25), it is unclear how the expansion is planned, but the Women’s Economic Security Statement says that it will service 235,000 parents (p. 42).

2. Remove the two streams and implement one set of criteria for compulsory participation. Criteria are listed as:

- have been receiving Parenting Payment (partnered or single) continuously and not engaged in work in the last six months
- have a youngest child who is at least nine months and under six years of age
- are under 55 years of age; and
    - are under 22 years of age and have not completed the final year of school (or equivalent level of education) or
    - are 22 years of age or over; have not completed the final year of school (or equivalent level of education); and have been receiving income support continuously for more than two years or
    - have completed their final year of school and been receiving income support continuously for more than four years (Department of Education, Skills and Employment, 2020).

3. Provide the Participation Fund for all participants. It is not stated whether the amount of the Participation Fund will change; it is therefore assumed that it will remain at $1,200 per participant. Budget Paper 1 states that “[c]urrently providers are forecast to spend less than the value of the available credits… which accrue to their provider’s Participation Fund… creating an accumulating surplus of credits that present a contingent liability. The current outstanding credits accumulated from years prior to 2019-20 represent a contingent liability for the budget” (Budget Paper 1, p. 9-38).

What are the 2020 Budget impacts on women?

It appears that, despite the concerns voiced about ParentsNext, the government is planning to expand the program with minimal change. There is no indication that there are any significant changes to the program that will de-couple participation from receiving income support payments; that women’s autonomy and agency will cease to be undermined through over-scrutiny of their parenting behaviours; that reporting requirements will be reduced; and/or that providers will give appropriate support and flexibility that matches the daily realities of parenting on very low incomes. This will result in even more women placed under the TFC, which increases stress and financial insecurity due to the erratic nature of payment suspension.

It is a positive change that all ParentsNext will have access to the Participation Fund. However, the Participation Fund should be spent on the participants. If Participation Fund credits remain at the end of the financial year, NFAW recommends that a way is found to distribute the funds to participants, perhaps through an application process to cover costs relating to study, employment or child development that exceeds the $1,200.

While the change to one set of criteria for compulsory participation may increase transparency and reduce confusion, in NFAW's opinion is does little to nothing to address concerns that ParentsNext is discriminatory. Despite the changes, women and Indigenous people will remain over-represented in the program.

For these reasons, NFAW does not support the expansion of the ParentsNext program unless and until these program shortcomings are adequately addressed.

Recommendations

NFAW recommends that if the ParentsNext program is not scrapped entirely, the following changes be implemented immediately:

- Make ParentsNext voluntary. This will help to ensure a quality program while also returning agency and autonomy to the people who are enrolled.

- De-couple participation from receiving income support payments, thereby eliminating the punitive aspects of ParentsNext and enhancing the economic security of participants.

- Increase the Participation Fund to provide meaningful support for job readiness, such as paying for classes.

- Ensure the Participation Fund is spent in its entirety on participants.