Budget 2021 – Social services

Income support overview

Women are over-represented in reduced employment outcomes, levels of poverty, and reliance on income support payments. During the COVID-19 pandemic the Government's Coronavirus Supplement and other short-term supports lifted women, who were 54 per cent of recipients, and children out of poverty.

Women were disproportionately impacted by the COVID-19 crisis, through job losses and extra care responsibilities. These effects are likely to have long-term negative consequences.

The New Employment Services Model (NESM) was intended to use online services for job-ready unemployed in order to free up funding for help to the most vulnerable, including long term unemployed. It was also intended to reduce caseloads for managers. However, the budget papers do not indicate that funding for will deliver outcomes for people seeking employment, rather it raises concerns that vulnerable customers will struggle with the online platforms. It is also not clear that the savings will go towards more support.

Also concerning is the mutual obligation Targeted Compliance Framework (TCF), which is attached to many income support payments, including jobactive and ParentsNext, has received increased funding. The TCF disproportionately effects women and is punitive, controlling, and ineffective at supporting people into employment. The TCF needs to be revisited.

The increase to the base rate of working-age payments by $50 per fortnight from 1 April 2021 fails to lift social security payments above the poverty line and is completely inadequate. Proper indexing of cost-of-living increases would assist in keeping Australians out of poverty (see Indexing paper).

Income Support

The Budget

New Employment Services Model

Payments ($m)

	2020-21	2021-22	2022-23	2023-24	2024-25
Services Australia	-	32.3	3.6	1.1	1.1
Department of Social Services	-	-8.3	-126.3	-140.3	-140.3
Department of Education, Skills and Employment	-1.8	15.1	-232.2	135.3	107.8
Total — Payments	-1.8	39.2	-354.9	-3.8	-31.3

Source: 2021 Budget Paper No 2, p. 92.

The Government will introduce a new approach to employment services that is digitally driven, tailored and flexible. The New Employment Services Model (NESM) will ensure job seekers move into sustainable work, employers' needs are met, and employment services providers' efforts are focused on those job seekers who need help most. The NESM will introduce two pathways of support for job seekers – Digital Services and Enhanced Services. Digitally capable job seekers will be able to self-manage finding employment through Digital Services for 12 months (after which they will transition to Enhanced Services). Job seekers not in Digital Services will receive tailored and intensive case management support from Enhanced Services providers. Funding for this package includes $699.4 million over five years from 2020 21 to expand and strengthen specialist services to support job seekers.

Cashless Debit Card — Jobs Fund and Income Management extension

Payments ($m)

	2020-21	2021-22	2022-23	2023-24	2024-25
Administrative Appeals Tribunal	-	nfp	nfp	-	-
Services Australia	-	nfp	nfp	nfp	nfp
Department of Health	-	nfp	nfp	nfp	nfp
Department of Social Services	-	nfp	nfp	nfp	nfp
Total — Payments	-	-	-	-	-

Source: 2021 Budget Paper No 2, p. 179.

The Government will provide funding to support the continuation of the Cashless Debit Card (CDC) on an ongoing basis.

Enhancing Welfare Integrity Arrangements

Payments ($m)

	2020-21	2021-22	2022-23	2023-24	2024-25
Services Australia	0.7	8.8	7.2	-2.7	-2.7
Office of the Director of Public Prosecutions	-	2.0	2.0	-	-
Department of Social Services	-	-5.0	-5.2	-1.5	-0.4
Total — Payments	0.7	5.8	4.0	-4.2	-3.1

Source: 2021 Budget Paper No 2, p. 180.

The Government will provide an additional $27.6 million over five years from 2020-21 to extend Taskforce Integrity and cease third party verification of parents claiming Parenting Payment and JobSeeker Payment.

Increased support for unemployed Australians

Payments ($m)

	2020-21	2021-22	2022-23	2023-24	2024-25
Department of Social Services	675.5	2,510.8	2,157.4	2,107.5	2,109.3
Services Australia	14.1	10.3	11.2	10.1	9.8
Department of Education, Skills and Employment	4.4	130.0	74.8	41.1	33.4
Department of Agriculture, Water and the Environment	2.7	10.5	8.3	5.6	8.1
Department of Veterans' Affairs	0.4	2.3	2.0	2.1	2.3
Department of Health	0.3	2.7	4.2	5.7	7.0
Total — Payments	697.4	2,666.7	2,257.9	2,172.2	2,169.9
Related receipts ($m)					
Australian Taxation Office	-	*45.0*	*165.0*	*145.0*	*145.0*

Source: 2021 Budget Paper No 2, p. 181.

The Government will provide $9.5 billion over five years from 2020-21 to increase support for people eligible for working age payments including JobSeeker Payment, further strengthen mutual obligation requirements and maximise job seekers' ability to find and retain employment.

Gender implications

Why is this an issue for women?

Women are struggling to secure their financial security in the Australian economy, due primarily to the gendered nature of unpaid work, such as childcare or housework, but also through the high numbers of women experiencing gender-based violence and the disproportionate number of women who head single-parent households.

Women are more likely to live in households below the poverty line than men (14.1% compared to 13.1% for men). The majority of individuals in poverty (including children) are women or girls (52.9%).

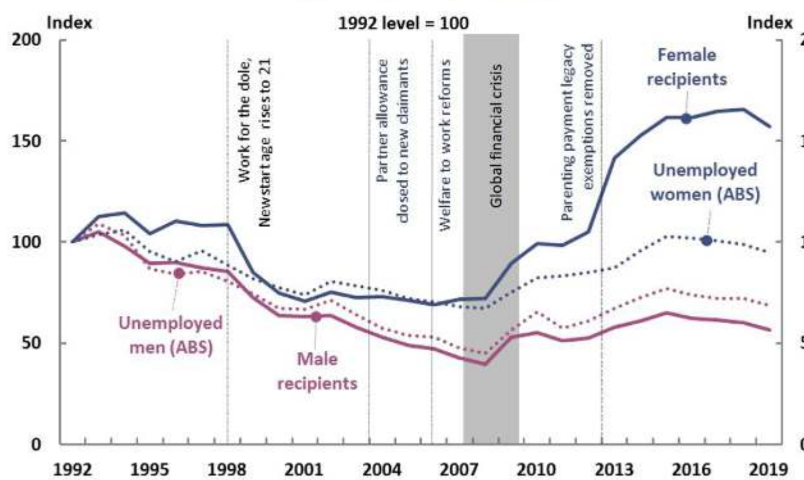
Women work fewer hours than men and account for 67.2 per cent of part-time workers in Australia. Women (9.3 per cent) consider themselves to be underemployed more than men (6.6 percent), and 16 per cent more women (58 per cent) than men (42 per cent) are not in the labour force at all. Women fill 54 per cent of all casual jobs. Since the post-COVID recovery in employment began, women's jobs are becoming even more insecure: casual jobs account for over 60 per cent of new jobs, and women fill 62 per cent of those casual roles. Despite having higher educational attainment than men, women are underrepresented in the labour market. Women's economic participation rate (61.8 per cent) is still significantly worse than men's (70.9 per cent).

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.

Historically there has been a close relationship between unemployment levels and unemployment benefits. However, changes to the payment in recent decades has changed the profile of recipients. Thus, the demographics of JobSeeker recipients have substantially changed over time, with women and men now making up almost equal shares of JobSeeker recipients. For example, in the 1990s and early 2000s, JobSeeker recipients were usually young men in their 20s or 30s. Older men and women were also represented in the pool of welfare recipients, however, those requiring income support were likely receiving other payments such as parenting payment, age pension, or disability support pension (DSP). The makeup of recipients by gender and age group has changed considerably. Now JobSeeker payment recipients are predominantly people in their 40s or above, with an increasing share of older women.

While there have been significant changes to Australia's economy over this time, and the population is ageing, policy changes have also impacted the demographics of JobSeeker recipients as illustrated by this graph:

Figure 2–4: JobSeeker recipients and unemployed persons by gender, 1992 to 2019; key economic and policy changes



Note: Data on JobSeeker recipients are as at June except for 2000 which are as at May. Data on unemployment are averages of seasonally adjusted monthly data over the year from July to June.

Source: DSS Payment Demographic Data, ABS year books (cat no. 1301.0), ABS labour force (cat no. 6202.0) and PBO analysis.

Single parent families, 82 per cent of whom are female-headed, remain the family type with the greatest experience of poverty. With the transfer of thousands of single parents to the Newstart Allowance annually since 2007, poverty has risen for sole parent families from 47 per cent to 66 per cent between 2009 and 2014.

What are the 2021 Budget impacts on women?

Overall, the social security and income support measures in the budget are inadequate. Expanding training and local jobs programs for those who are unemployed is welcome; however, this does not account for the 1.3 million people on JobSeeker and Youth Allowance payments. The focus on personal tax cuts ($20 billion) benefit those already in paid employment and leave those in poverty further behind. There has been no additional spending for those in poverty or those on low incomes—who we know are overwhelmingly women. The $671 million cut for newly arrived migrants, and the $200 million cut to employment services are also a cause for concern. Women are the majority of Commonwealth Rent Assistance (CRA) recipients. CRA has been inadequate for many years. Sole parents and older women on Jobseeker are much more likely to be renting. Together with no investment in social housing, the budget offers no relief to their housing plight.

New Employment Services Model

The new approach to employment services that is digitally driven has implications for compliance and reporting obligations that arise out of individuals who do not have resources to access online services. Digital inclusion is a complex and multi-dimensional issue involving technological, social and economic factors. Women have an Australian Digital Inclusion Index (ADII) score 1.9 points below that of men in Australia, with similar differences across Access and Affordability (2.1 and 3.0 points) and a slightly narrower gap in relation to Digital Ability (0.5 points). Women have a lower level of digital inclusion than men across all age categories, however, it is widest in the 65+ age bracket (3.0 points).

Savings from the introduction of the NESM, and removal of backdating, plus increased funding for the mutual obligation TCF regime, seems to result in a net negative investment in assistance to the unemployed. These measures cannot just be about cost cutting it must ensure outcomes for clients.

Cashless Debit Card — Jobs Fund and Income Management extension

Whilst investment in a Jobs Fund in cashless debit sites is welcome, it should not be contingent on being subjected to the discriminatory and ineffective cashless debit card.

The Cashless Debit Card does not benefit women. It has disproportionately targeted First Nations women. NFWA rejects any assertion that the CDC is a financial literacy tool, and there is limited empirical evidence that it improves the wellbeing of individuals or communities, either by reducing substance abuse or by increasing employment outcomes. Additionally, there is no evidence that the CDC reduces other associated social harms, such as domestic and family violence. On the contrary, there is evidence to suggest that increased rates of domestic and family violence coincide with the CDC. The CDC also carries a high risk of unintended and expensive consequences across government and the community, including social exclusion and stigmatisation, increased financial hardship, and the erosion of individual autonomy and dignity. The proposal to extend the CDC scheme will further exacerbate the negative impacts of the scheme, and the selected regions for the expansion will continue to disproportionately target First Nations peoples, as the proposed areas have high Indigenous populations: this is discriminatory and undermines self-determination. The CDC scheme is a punitive and paternalistic measure incompatible with both human and consumer rights. Ultimately, it is driven by ideology rather than sound evidence.

Enhancing Welfare Integrity Arrangements

Abolishing Third Party Verification (TPV) that applies to single parents claiming JobSeeker or Parenting Payment, which discriminates against single parents, is a welcome decision. It is concerning savings from the measure will be partly redirected to debt recovery.

The extension of operation "Taskforce Integrity" must not be used to demonise and scare women from getting much needed income support, as has been seen in the past.

Increased support for unemployed Australians

This budget failed to lift social security payments above the poverty line. JobSeeker Payments and related income support remain at $44 a day.

In response to the COVID-19 crisis 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 between April 2020 – March 2021.

Around 54 per cent of Coronavirus Supplement recipients were women. While there are fewer women than men receiving JobSeeker Payment and Youth Allowance (other), more women than men receive other income support payments, such as Parenting Payment and Youth Allowance (student and apprentice). 15 per cent of women reported receiving the supplement compared to 11 per cent of men. Analyses conducted by ANU researchers demonstrated the impact the changes had on poverty in Australia. Despite the economic downturn, poverty rates in Australia decreased by 33 per cent due to the COVID-19 supplement. For those already on either Newstart/Jobseeker or the Youth Allowance, the poverty rate dropped a dramatic 90 per cent when compared to pre-pandemic rates to June data.

Temporary payment increases had a dramatic impact on many vulnerable populations. People reported improved mental health at a time when the general population was experiencing worsening mental health; they also engaged in more job-seeking behaviours, improved physical health and greater capacity to look after children. 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.

Many mutual obligation requirements, including intensive reporting, jobseeking and meetings were temporarily suspended. The Government's study into *Understanding economic and policy trends affecting Commonwealth expenditure* noted that people remain on unemployment payments longer than they used to because people who are not job-ready are being pushed off of more appropriate payments and onto JobSeeker. 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. 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."

The expansion of the eligibility criteria for JobSeeker Payment and Youth Allowance (other) for those required to self-isolate or care for others as a result of COVID-19 for a further three months to 30 June 2021, is welcome but may need to be extended to respond to the evolving nature of the pandemic.

Recommendations

- NFAW joins ACOSS in calling for a permanent increase to the rate of JobSeeker and related income support payments to at least $65 a day. This increase must not come at the expense of other vital supports provided, including to people who have children, people renting privately, people fleeing violence, or people with an illness or disability. 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.
- 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.
- End compulsory income management and the implementation of the Cashless Debit Card (CDC) scheme (pursuant to the *Social Security (Administration) Amendment (Income Management to Cashless Debit Card Transition) Bill 2019 (Cth)*) across all current sites, abandon any further expansion, and re-invest in local community services and initiatives.

Budget 2021 – Social Services

Indexing overview

Women are over-represented in reduced employment outcomes, levels of poverty, and reliance on income support payments. Women were disproportionately impacted by COVID19, through job losses and extra care responsibilities. These effects will be carried through to the future.

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. However, for the first time in 20 years, most payments did not receive a cost of living index adjustment in September of 2020. This was directly related to the economic downturn Australia was experiencing.

Gender implications

Why is this an issue for women?

Because women are overrepresented as 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.

JobSeeker, formerly known as Newstart, normally only rises in line with the cost of living. Other than small adjustments, for example when the GST was introduced in 2000, the current budget measure will be the first time the benefit has been increased in real terms since the early 1990s. Despite the increase JobSeeker will remain well below usual measures of the poverty line (noting Australia does not have an official poverty line).

The JobSeeker payment is normally 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, 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). Consequently, 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].

This problem was identified by the Harmer review into pensions; 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 per cent of households compared to the least disadvantaged 20 per cent of households) and the average across all households is provided below (Table 1). This data is drawn from the most recent Household Expenditure Survey, 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 per cent more on food as a percentage of overall expenditure than the highest income households, 26 per cent more on housing, 72 per cent more on utilities and 42 per cent more on communications. Conversely, these households spend 21per cent less on clothing and nearly 40 per cent 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%
Communications	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. 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 hospitalization.

Prior to COVID-19 data demonstrated that essential services – those items which make up the majority of household expenses for low-wage households – were experiencing inflation at a higher rate than other consumer goods and services. Wage growth has remained at a record low rate for the second quarter in a row.

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 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*. (emphasis added)

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

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.

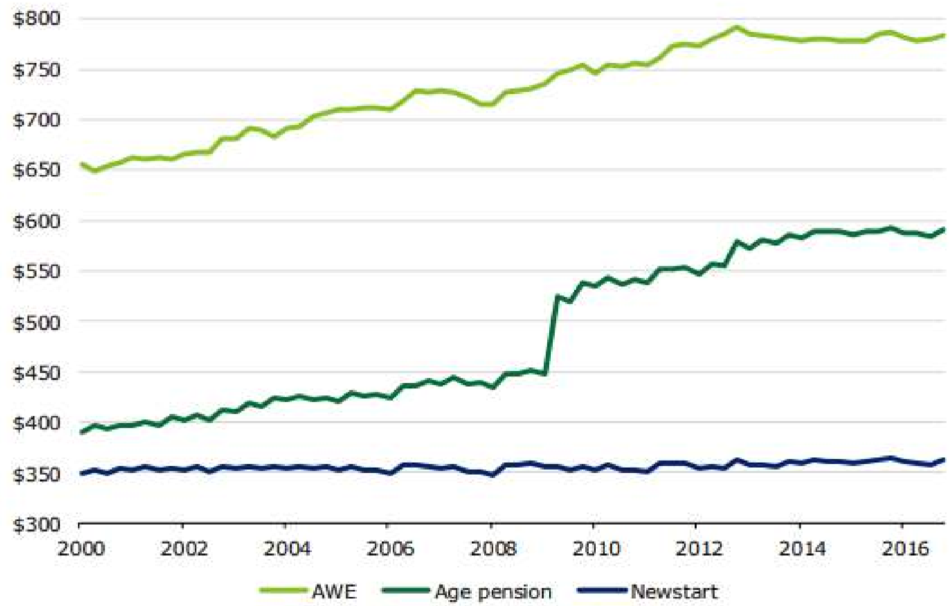
This practice is due to the analyses and recommendations put forward by the Harmer review. Importantly, the review was limited to the pension payment only, although the author did demonstrate how using the 'plutocratic' CPI was quickly reducing the true value of the Newstart Allowance.

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. 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.

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 2021 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.

Recommendations

- Income support payments should be calibrated to keep households out of poverty.
- The PBLCI, as designed by the ABS, should be utilized to better reflect true cost of living increases for all income support payments.

Budget 2021 – Social Services

Pensioner Loan Scheme (PLS) Overview

Women are over-represented in reduced employment outcomes, levels of poverty, and reliance on income support payments.

The Pensioner Loan Scheme (PLS) is a small initiative aimed at allowing retirees to borrow against their home to augment their income, for people on the Aged Pension or self-funded retirees. The existing scheme has been used by over 2000 full-rate pensioners. While women are the majority of Aged Pensioners, there are more male homeowners than women.

Pensioner Loan Scheme

The Budget

Increasing the Flexibility of the Pension Loans Scheme

Payments ($m)

	2020-21	2021-22	2022-23	2023-24	2024-25
Services Australia	-	9.0	4.7	3.1	2.2
Department of Veterans' Affairs	-	1.6	..	..	..
Department of Social Services	-	1.0	0.1	-	-
Total — Payments	-	11.6	4.8	3.1	2.3
Related receipts ($m)					
Department of Social Services	-	..	*0.1*	*0.2*	*0.3*

Source: 2021 Budget Paper No 2, p. 192.

The Government will provide $21.2 million over four years from 2021-22 to improve the uptake of the Pension Loans Scheme by:

- allowing participants to access up to two lump sum advances in any 12 month period, up to a total value of 50 per cent of the maximum annual rate of the Age Pension
- introducing a No Negative Equity Guarantee so borrowers will not have to repay more than the market value of their property
- raising awareness of the Pension Loans Scheme through improved public messaging and branding.

Gender Implications

Why is this an issue for women?

Nearly 56 per cent of Aged Pensioners are women. Seventy-four per cent of female Aged Pensioners are homeowners, compared to 77 per cent of men. The changes to the PLS mean that eligible singles and couples could have access to almost $20,000 per year in addition to their pension. The scheme is available to pensioners and self-funded retirees. The changes to the scheme improve its flexibility and provide funding to improve take-up. As at December 2020 only 3771 people had accessed the scheme. More than half were full-rate pensioners. Pensioners' homes are typically their largest asset and using the PLS is partly to allow them to "age in place". The Retirement Income Review highlighted the lack of knowledge and understanding of retirement financial products.

What are the 2021 Budget impacts on women?

The take-up of the PLS is low considering there are well over three million retiree homeowners. The impact on women is small, however it does contribute to improved living standards. Improving awareness is supported.

Recommendations

The 4.5 per cent rate of interest is considered too high and should better reflect home mortgage rates.

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.