Budget 2020 – Employment: JobKeeper

JobKeeper Overview

The original design of JobKeeper did not distinguish between payments made to full-time workers and those made to part-time workers. Some commentators regarded this as unfair to those who held full-time positions and others described it as a stimulus measure for the lowest paid. The July 2020 Economic and Fiscal Update introduced differential JobKeeper payments for full-and part-time workers, reducing costs and making way for a refocus on range of stimulus measures targeting high paid men and male dominated industries. Twice as many women as men are affected by the JobKeeper cuts for part-timers. The payment falls again in December and disappears in March. JobKeeper 2 continues to exclude support for people working in female dominated industries (universities and child care) and for casuals not classed as regular and systematic – around 950,000 of them—who also make up a female dominated group. Those over 35 in that group – mainly women -- will be excluded from JobMaker payments as will those unable to work 20 or more hours a week because of childcare costs.

JobKeeper

The Budget

COVID-19 Response Package — JobKeeper Payment

Payment ($m)

	2019-20	2020-21	2021-22	2022-23	2023-24
Australian Taxation Office	20,576.0	65,125.7	-	-	-

Source: 2020 Budget Paper No 2, Appendix A: Policy decisions published in the July 2020 Economic and Fiscal Update, p. 277.

The JobKeeper Payment, originally due to run until 27 September 2020, will continue to be available to eligible businesses until 28 March 2021. However, the payment rate of $1,500 per fortnight has been reduced to $1,200 per fortnight from 28 September 2020 and will fall further to $1,000 per fortnight from 4 January 2021. For part-time workers, the subsidy was sliced to $750 from 28 September 2020 and from 4 January 2021 will fall to $650 until it ends on 28 March 2021.

From 28 September 2020, and again from 4 January 2021, businesses and not-for-profits seeking to claim the JobKeeper Payment will be required to demonstrate that they have suffered a decline in turnover using actual rather than projected GST turnover.

Gender implications

Why is this an issue for women?

Because employment is gendered, the impact of COVID-19 on employment has also been gendered, and because women are disproportionately represented in direct contact employment and the retail and hospitality industries, more women than men are losing their jobs. In the early stages of the epidemic, between March and April, hours worked by males fell 7.5% but for females the fall was 11.5%.

- In fact, it is not 'all about the sparkies'. According to the ABS, between 14 March 2020 and 22 August 2020, the number of payroll jobs in Accommodation and food services fell by 21.1% and wages fell by 13.9%. The corresponding figures for construction are 5.8% and 9.4%.

    - While a number of female-dominated industries benefitted from JobKeeper, industries with high levels of female employment were excluded, such as local government (55% female workforce in Victoria), and universities (58% female workforce nationally). Since 20 July 2020, childcare workers have also been excluded (95% female).

Apart from industrial segregation, three other factors were critical to the impact of the JobKeeper scheme on women: the number of women in part time work; the number of women in irregular casual work; and women's reliance on child care to access work.

- Nationally, 22% of women work fewer than 20 hours a week compared to 10.6% of men. This meant that women were likely to be among the 20% of JobKeeper recipients who benefitted from receiving the same $750 minimum weekly rate as full-time workers in the original JobKeeper design. The scheme was criticised by many analysts as unbalanced in favour of part-time employees, and others argued that the flat rate received by these low paid workers was a welcome welfare measure. In practice, it made JobKeeper easier to roll out quickly.

- The original design of the JobKeeper program included only those casuals employed on a regular and systematic basis during the relevant 12-month period. Cassels and Duncan have estimated that 950,000 casuals were excluded from this group, with the majority employed in the accommodation and food services, retail trade, and health care and social assistance sectors. A higher share of these workers are women. According to an analysis of data in the Treasury review, almost 750,000 employees of companies receiving JobKeeper were laid off because they were ineligible for wage subsidies. That would mainly be about 80% of the 950,000 largely female casuals excluded from JobKeeper.

    - Women over 35 in this group will be ineligible for JobMaker subsidies.

- Casuals do not have, and so cannot use, sick leave. The great majority of casuals are women. The lack of universal Paid Pandemic Leave has left many women vulnerable to the financial pressures of working while exposed to COVID-19. This has not only impacted their health, but the health of their colleagues and the wider community.

- Women are reliant on childcare to access work and hours of work. According to a national survey by *The Parenthood*, a third of parents (32%) surveyed will need to reduce days or remove their children altogether if their childcare fees return to pre-COVID-19 levels. Early support for the childcare industry was a welcome and critical support for women, especially those in frontline health and community support sectors.
    - However, the first plank in the government's plan to "snap back" to the pre-COVID-19 economy was to cancel free childcare.

What are the 2020 Budget impacts on women?

In practice, men are being targeted for government support through the design of tax cuts, of targeted industry assistance ('it's all about sparkies'), and now through Budget changes to JobKeeper.

- Effectively, JobKeeper, which in its original design resulted in increased weekly earnings for significant numbers of low paid women, is to be phased out in favour of permanent tax cuts targeting highly paid men. Men will get a bigger share of the tax cuts: in 2020/21 women get 40% but that drops to 31% in 2021-22, when the LMITO extension runs out (see Individual Taxation paper).

- The relevant date for employment eligibility has been moved from 1 March 2020 to 1 July 2020, increasing employee access to the scheme, but wholesale exclusions of child care workers, university staff, local government employees and an estimated 950,000 short-term casuals – all female dominated groups -- remain in place. Temporary visaholders continue to be excluded from both JobKeeper and JobSeeker (see paper on Impact on Migrant and Refugee Women).

- Instead, Budget initiatives target construction, gas, telecommunications and manufacturing.

Recommendations

1. NFAW recommends that, given the removal of stimulus payments made to low paid women through JobKeeper, the Government provide alternative support for workplace participation by significantly reducing the costs of childcare.

2. Given that the nearly three quarters of a million casuals lost their jobs as a result of the JobKeeper casual exclusion, NFAW recommends that the Government redesign the JobMaker Hiring Credit to ensure that unemployed women in that group are not also excluded from that program. This includes addressing age cutoffs, minimum hours requirements and childcare costs.

3. A national paid pandemic leave scheme is required. NFAW endorses the call from both unions and business for the Federal Government, together with relevant States, to provide for and fund a national Paid Pandemic Leave Scheme by amending the Fair Work Act to incorporate a leave entitlement consistent with the decision of the Fair Work Commission in relation to the Aged Care Awards and providing for reimbursement to business to facilitate the leave entitlement.