

# Budget 2021 – Social services

## 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.

During the COVID-19 pandemic women were more likely to lose their jobs, more likely to increase their amount of unpaid work, and less likely to receive government support.

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. Furthermore, those who are currently on the JobSeeker payment who are not job-ready should be moved onto more appropriate payments.

## Jobactive

### The Budget

The Government will deliver the New Employment Services Model from 1 July 2022. This model will replace Jobactive.

### Getting Vulnerable Australians Back into Work — additional support for job seekers

Payments (\$m)

	2020-21	2021-22	2022-23	2023-24	2024-25
Department of Education, Skills and Employment	7.3	70.1	61.5	59.9	59.8

Source: [2021 Budget Paper No 2](#), p. 89.

The Government will provide \$258.6 million over four years from 2020-21 to increase participation in the labour market and modify existing unemployment services to further increase support for job seekers. This package includes:

- \$15.6 million in 2021-22 to increase all wage subsidies to \$10,000 for eligible participants in jobactive, Transition to Work, and ParentsNext to incentivise employers to hire eligible disadvantaged job seekers. This will align with wage subsidies commencing under the New Employment Services Model measure from 1 July 2022.

## 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) funding for this package includes \$699.4 million over five years from 2020-21 to expand and strengthen specialist services to support job seekers, including:

- \$860.4 million over four years from 2021-22 by transitioning from *jobactive* to NESM from 1 July 2022, which provides more efficient services through enabling job seekers to choose digital support services rather than face to face services, if they are eligible. Job seekers in *Disability Employment Services* will also have the option of digital services from 1 January 2022, initially through *Online Employment Services* and NESM from 1 July 2022.

## 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
<i>Related receipts (\$m)</i>					
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. This package includes:

- \$1.5 million to better support job seekers by recommencing face-to-face servicing for job seekers, implementing a graduated return in job search requirements from 15 per month from April 2021 to 20 per month from July 2021, and mandating job seekers in online employment services to complete their career profile in the *jobactive* system, to allow better job matching.

## Gender implications

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### Why is this an issue for women?

The Government's main employment program, Jobactive, has an outcomes-focused approach and offers a mix of incentives, services and obligations to help job seekers find work. As at 31 March 2021, there were 604,977 female participants in jobactive representing 49.5 per cent of the caseload.

Women's career trajectory is generally different from men. It is often more complex (for example, due to navigating 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. This is despite substantial growth in women's labour supply, growth in educational attainment, and growth in combining work with raising families.

While all Australians felt some effects of the COVID recession, the economic pain was not shared equally. It hit young people, those in insecure work, and women particularly hard. Indeed, women are recovering from a 'triple-whammy' – they were more likely to lose their jobs, more likely to do a lot more unpaid work, and less likely to get government support.

Women's jobs were hit harder than men's during the COVID lockdowns. At the peak in April, almost 8 per cent of Australian women had lost their jobs, and women's total hours worked were down 12 per cent.

Women's employment improved as the economy re-opened, but many groups have not caught up. Remote learning and the loss of formal and informal childcare and household support services led to a significant rise in unpaid work during the lockdowns. This unpaid work was disproportionately borne by women, and many found it impossible to juggle with their existing paid work commitments. Mothers in couples and single parents (82 per cent of whom are women) were more likely to leave the labour force than other groups. Women of childbearing age also gave up study in record numbers. Jobactive services will be crucial to unemployed women in the face of growing and sustained unemployment.

Long-term unemployment is 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 per cent to 71 per cent. 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. 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. 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 per cent compared to 59.2 per cent. Nearly 70 per cent of employed older

women expressed experiencing financial pressure to continue in the workforce, with 300,000 women requiring multiple jobs.

Older people suffer significant disadvantage in the labour market, with older women more disadvantaged. 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 perform specific activities – generally reporting, jobseeking, and attending meetings – in exchange for receiving their benefit payment. The suspension of mutual obligations during the COVID-19 crisis enabled people to use their time more productively; people reported increased engagement in labour market and other economic activities.

Given the growing number of women in these programs, and the return to mutual obligations, this is a serious concern. It is of particular concern given the increased funding in the budget for compliance measures that roughly equal to the increased funding for the NESM.

### What are the 2021 Budget impacts on women?

The wage subsidies to \$10,000 for eligible participants in the NESM is a welcome announcement. However, more subsidised places are needed especially for women reentering the paid workforce.

With the transition from Jobactive to NESM, from 1 July 2022, NFAW is concerned for those who do not have online access or are not familiar with online platforms. Digital inclusion is a complex and multi-dimensional issue involving technological, social and economic factors. Women have an Australian Digital Inclusion Index (ADII) score that is 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) (Thomas et al. 2020, p.18).

NFAW is pleased to see there will be a recommencement of face-to-face servicing for recipients of the JobSeeker payment, however, increasing job search requirements from 15 per month from April 2021 to 20 per month from July 2021 does not reflect the true nature of the Australian jobs market. There is currently only 1 job for every 9 people searching. Additionally, entry-level jobs are increasingly part-time or casual jobs. While many people prefer shorter or flexible working hours, this makes it harder for people to transition from unemployment payments as they either

have insufficient paid hours or are at risk of losing their casual job. Australia has the second-highest share of casual jobs in the OECD (25%) and third-highest share of part-time jobs.

NFAW is not convinced mandating job seekers in online employment services to complete their career profile in the jobactive system will allow for better job matching.

Women have reported interacting with jobactive providers as demeaning, stressful, and controlling but seldom helpful. 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

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- 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.
- Jobactive provider's provision of 'quality services' should be measured based on client experience, rather than employer experience.
- Savings from the online facility should be directed to greater tailored assistance for the most disadvantaged.

### Participants

- 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.
- Responsibility for the TCF framework should be transferred from contracted service providers to Centrelink, with discretion introduced over the imposition of penalties and suspensions.
- TCF data should be published more quickly and should be disaggregated by gender and program.
- 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.
- Women who have left the labour force should be provided access to Jobactive services, including consideration given to enabling access by unemployed older women to the *Mid-Career Checkpoint Program*.