Budget 2020 – Employment: JobMaker

JobMaker Hiring Credit

Employment programs need to address the differing workforce participation patterns and barriers for women. The JobMaker Hiring Credit does not do this. The 20 hour per week minimum work requirement fails to take into account childcare costs and high Effective Marginal Tax Rates, which would leave a mother of two – on the median female wage with a working partner – with less than $31 dollars for any day's work after her first 8 hours. At the same time, JobMaker encourages employers to restructure full-time jobs to maximise 20-hour, 12-month jobs which tend to lock in low-skilled, high-turnover work. Finally, and critically, JobMaker builds age discrimination into employment support. This is a problem for both men and women, but it is a greater problem for older women – the group that is already most likely to retire into poverty.

JobMaker Hiring Credit

The Budget

JobMaker Plan — JobMaker Hiring Credit

Payments ($m)

	2020-21	2021-22	2022-23	2023-24
Australian Taxation Office	850.0	2,900.0	250.0	-

Source: Budget Paper 2, p.162.

The Government is providing $4.0 billion (excluding administrative costs) over three years from 2020-21 to support organisations to take on additional employees through a hiring credit. An employer can only receive the JobMaker Hiring Credit for 12 months for each additional position created.

Since 7 October 2020, eligible employers have been able to claim $200 a week for each additional eligible employee they hire aged 16 to 29 years old; and $100 a week for each additional eligible employee aged 30 to 35 years old. New jobs created until 6 October 2021 will attract the JobMaker Hiring Credit for up to 12 months from the date the new position is created.

To be eligible, the employee must have received the JobSeeker Payment, Youth Allowance (Other), or Parenting Payment for at least one of the previous three months at the time of hiring.

Gender implications

Why is this an issue for women?

Employment programs need to address the differing workforce participation patterns and barriers for women if they are to be effective for women and for the economy.

What are the 2020 Budget impacts on women?

The JobMaker Hiring Credit is gender blind, which means that it ignores the impact of women's caring responsibilities and of gender-focused age discrimination in its design. Its effectiveness is correspondingly reduced for both eligible and ineligible women.

Eligible women (16-35)

- *Childcare*: The 20 hour per week minimum work requirement fails to take into account women's caring responsibilities and the cost of child care – this barrier has increased as family incomes contract under COVID.

According to a national survey by The Parenthood, a third of parents (32 per cent) surveyed will need to reduce days or remove their children altogether if their childcare fees return to pre-COVID levels. The first plank in the government's plan to "snap back" to the pre-COVID economy was to cancel free childcare, thus effectively undermining the scope for carers, mainly women, to join a recovery.

- *Women returning to work* after caring for young children will be likely to fall into the 30-35 group, which only attracts half the subsidy of women 16-29.

Women, and especially single parents, are more likely to take time out of the paid workforce to care for children or elderly parents. This creates a gap in their careers and résumés which typically makes it harder to get back into employment. This problem is exacerbated by the tiered effect of JobMaker, which doubles the rebate for the younger group.

Further, women leaving paid parental leave will have to apply for and access one of the specified income support programs before qualifying for JobMaker.

- *The scheme encourages employer to restructure to maximise 20-hour, 12-month jobs*.

The Jobmaker rules appear to allow a worker on roughly a 38-hour week to be replaced by two young workers on 20 hours each. The employer increases their headcount and payroll (just), while pocketing $400 a week in subsidies. This incentive multiplies across larger businesses such as major aged care centres or social service providers as well as hospitality or retail chains -- workplaces where job design already favours part-time, casual, high turnover jobs outside management.

While NFAW agrees that young people face a difficult transition to work in a recession, we note ILO research findings that while generous and long-lasting hiring subsidies targeted at disadvantaged youth can have substantial positive and long term effects, short-term hiring programmes "are only effective if they comprise a substantial training element".

In the case of young women the case for longer lasting subsidies is even stronger. Female-dominated sectors are already often characterized by part-time, casual, high turnover jobs intended for women whose choices are limited by the high costs of child care and high EMTRs. This is a pattern that needs to be reversed, not extended. COVID has shown how these jobs need to be restructured to prevent multiple jobholding and to improve job quality and retention.

Ineligible women (35+)

- Age discrimination is a problem for both men and women, but it is a greater problem for women than men. JobMaker builds age discrimination into employment support.

A 2018 Human Rights Commission survey found one in three HR professions would not hire someone above a certain age – and 65 per cent nominated over 50 as "too old". Other research has found older jobseekers are often seen as "rusty" or "threatening" (because they're overqualified for entry-level positions). Older women face a further "appearance bar" that makes them "invisible".

All of these factors, including program design, may account for the poor take-up of the Restart package, to which the government points when concerns are raised about older workers. According to reports, the government has spent less than half what it planned for the Restart wage subsidy program, and more than 40 per cent of those receiving wage subsidies were out of a job within three months. Older workers between 35 and 50 lose out all around.

According to the Parliamentary Budget Office, before COVID-19 and *regardless of any government programs then in place*, the number of women on JobSeeker was higher than the number of men among those aged 45 and older, with women aged 60 and over accounting for more than 8 per cent of all recipients. While the increases in JobSeeker recipient numbers since COVID-19 are higher for men than women, data on job losses shows more women leaving the labour force altogether, in part reflecting higher concentration of women in the industries most affected by the early stages of COVID-19 restrictions (pp. 9, 23).

Further, the PBO Jobseeker analysis also indicates that 15 per cent of full exemptions from mutual obligation requirements that went to women were based on their already having part-time or voluntary employment, typically in the service sector (figure 2-11). If employers in the service sector take up the subsidy they will potentially displace the women who would usually take up this work. In any event, there is an incentive to actively replace older with younger workers, especially where casualisation means older workers can be dropped by employers by simply leaving them off the roster.

In the absence of added stimulus funding for social infrastructure jobs, JobMaker's age restrictions will serve to entrench unemployment among older women – the group that is already most likely to retire into poverty (see Older Women paper).

Modelling commissioned by NFAW shows that additional government-funded service delivery and higher wage growth in the child care, aged care and disabled care sectors could underpin additional economic growth such that GDP in 2030 would be 1.64 per cent cent higher than it otherwise would have been. This is equivalent to an average of $1266 per person per year in 2018-19 prices, or more than $30 billion per year in aggregate (see Budget Overview section).

Recommendations

1. NFAW recommends that the JobMaker Hiring Credit be changed to remove the tiering of funding and to permit women on paid parental leave to access the program without first having to will have to apply for and spend a month on one of the specified income support programs.

2. The costs of childcare continue to restrict women's access to paid employment. We have made a number of recommendations to address this issue (see Child Care paper).

3. NFAW recommends that Government provide additional stimulus funding targeting social infrastructure to provide accessible, quality care, to encourage employment and to enable employers to provide ongoing, professionalised jobs (see Gender Responsive Budgeting paper).