

6 Overcoming barriers to employment and broadening opportunities

Main points

- Increasing labour force participation promotes social inclusion and boosts economic potential.
- Too many communities still face concentrated unemployment and entrenched disadvantage. Although the unemployment rate is at historic lows, this won't always be the case. If we can get policy settings right, the current labour market presents a significant opportunity to break cycles of disadvantage.
- Roughly one in three children born into families in the bottom 20 per cent of the income distribution remain there. Family background, labour market access and educational outcomes, as well as peer groups and networks have a strong impact on life outcomes.
- Compounding local factors, complex personal circumstances and discrimination can make it challenging for families and communities to break out of cycles of disadvantage. People face multiple, interconnected barriers to employment.
- Government policies can put opportunity in reach of more people through targeted, place-based approaches that complement universal services, and by addressing disincentives in the social security system. But many existing supports and workplaces do not provide enough help.
- People also need support from multiple services as they transition through life stages from education, caring and into mature age, and as they balance work with other parts of life. Likewise, people with disability may need additional supports to fulfil their potential.

6.1 Our objective is to overcome barriers to employment and broaden opportunity

Labour market inequalities must be reduced if Australia is to address entrenched disadvantage and achieve inclusive full employment (Chapter 2). Reducing disadvantage improves Australia's economic security and resilience by supporting greater economic activity, which also eases pressure on government spending, and bolsters revenue in the face of significant forces including ageing. Treasury estimates a 2 percentage point improvement in the participation rate by 2062–63 could contribute an additional 3¼ per cent to GDP.



Everyone should have the opportunity to access paid work which supports financial independence, health and wellbeing, and social connection. Sharing the benefits of work more evenly will also support the Government's broader objectives of creating a healthier, fairer and more cohesive society. Reducing labour market inequalities to achieve inclusive full employment requires concerted action by governments, unions, civil society and employers.

6.2 There is more to do to share opportunities and overcome disadvantage

Australia's labour market has evolved over the past six decades. Australia's labour force participation rate has risen markedly, with women and mature age people driving this growth. But not all Australians are experiencing the same increases in participation. More needs to be done to boost employment opportunities and overcome entrenched and intergenerational disadvantage.

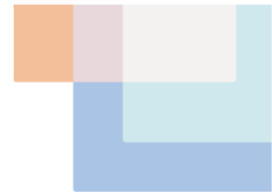
Too many people are still unable to work the number of hours they want and need, and are not able to fully access the benefits of work. Many parts of Australia experience unemployment and long-term unemployment rates well above the national average. Employment rates for Aboriginal and Torres Strait Islander people lag those of non-Indigenous people, and the employment rate for people with disability has been stagnant between 1998 and 2018 (Chapter 2, Box 2.1).

Chapter 2 describes how labour market inequalities can arise from structural factors that often relate to entrenched disadvantage. Disadvantage is associated with complex structural and systemic inequalities beyond a person's control, including their access to material and social resources, and their ability to participate in society. Joblessness and poverty affect health outcomes, housing security, social participation, and a person's capacity to engage in education and training. Disadvantage is about 'impoverished lives, not just depleted wallets'.¹ Employment is the main route out of disadvantage for most working age people, but it needs to be secure work, otherwise people risk falling back again.²

This section analyses the nature of disadvantage and how it affects people's ability to participate in employment, including how disadvantage:

- can start with where you are born and where you live (Section 6.2.1)
- can follow you through early childhood and into your school years (Section 6.2.2), influencing employment opportunities later in life
- can cause or compound life events (Section 6.2.3), which keep employment out of reach
- can be entrenched by siloed services and access problems (Section 6.2.4).

Unemployment can also be the product of changing life circumstances, such as managing care responsibilities or reaching mature age (Section 6.6). People with disability, either acquired or lifelong, can also face unique challenges. Support to manage these transitions can help to prevent new cycles of disadvantage.



A wide range of strategies are needed to support people to re-engage, engage more, or continue to engage in the workforce, including:

- building capabilities through employment services to help people overcome multiple barriers to work and break cycles of disadvantage (Section 6.3)
- creating inclusive workplaces in partnership with employers to provide meaningful economic and social participation opportunities for those who have been excluded from the labour market (Section 6.4)
- addressing disincentives in the social security system (Section 6.5).

6.2.1 Entrenched disadvantage is intergenerational and geographically concentratedⁱ

Disadvantage is often intergenerational. Roughly one in three children born into families in the bottom 20 per cent of the income distribution will remain there.³ Australia is considered more socially mobile than other advanced economies. However, similar to those economies some measures of mobility have worsened over time.⁴ In 2019, approximately two-thirds of Australians aged 30 to 34 years old had higher real incomes than their parents at the same age, a decline from over 80 per cent in 1954.⁵

The costs of unemployment and intergenerational disadvantage are not evenly felt across Australia. Poorer labour market outcomes and disadvantage are often disproportionately concentrated in a relatively small number of communities and areas.⁶

The highest concentration of disadvantage is in remote communities and some regional areas. The five regions with the highest long-term unemployment rates make up 12 per cent of all long-term unemployed people nationally, despite only having five per cent of the working age population. Outback – Queensland has the highest unemployment rate in the country – around 3 times the national average (Table 6.1). This region also has one of the highest long-term unemployment rates (1.1 per cent), the lowest proportion of the working age population in employment (65.0 per cent), and one of the highest rates of disadvantage (as measured by the Socio-Economic Indexes for Areas, or SEIFA). Similarly, Wide Bay, in regional Queensland, the Latrobe – Gippsland region in Victoria, and the Coffs Harbour – Grafton region in New South Wales also face poor labour market outcomes including high rates of unemployment and long-term unemployment.

While disadvantage can be concentrated in regions, the largest number of people experiencing disadvantage live in the suburbs of capital cities. One-quarter of all long-term unemployed people are in seven mostly city-based regions. For example, Sydney – South West has an unemployment rate significantly higher than the national average (4.8 per cent) as well as a low employment rate (67.1 per cent) and a high long-term unemployment rate (1.3 per cent). Likewise, despite proximity to major labour markets in Brisbane and the Gold Coast, the Logan – Beaudesert region in Queensland has poor employment outcomes with high unemployment (5.6 per cent) and long-term unemployment rates (1.1 per cent). Adelaide – North, Melbourne – West, Ipswich and Hobart experience similar higher levels of unemployment.

ⁱ Data and figures in Section 6.2.1 are based on a 12-month average to July 2023 using ABS Labour Force data.

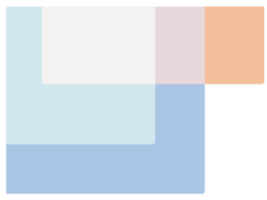


Table 6.1 Regions (SA4) with highest unemployment rates (12-month average)

Region	Unemployment rate (%)
Queensland - Outback	9.2
South Australia - Outback	6.6
Wide Bay	5.7
Logan - Beaudesert	5.6
Ipswich	5.5
Adelaide - North	5.4
Melbourne - West	5.2
Moreton Bay - North	5.0
Northern Territory - Outback	4.8
Sydney - South West	4.8

Source: ABS Labour Force Detailed, July 2023.

Note: Statistical Area Level 4 (SA4) is a geographic area which represents labour markets or groups of labour markets within each state and territory.

Between the 2016 and 2021 Censuses, most clusters of disadvantage, as defined in the SEIFA, changed little. The main exceptions were Hobart (which has become relatively more advantaged) and Western Sydney (which has become relatively more disadvantaged).

One reason place is such an important concept is that moving far away from home is uncommon. Around 70 per cent of people live in the same local labour market in which they spent their childhood.⁷ Because people typically work near where they grow up, many will face similar challenges to their parents unless local cycles of disadvantage are broken.

Family background is one of the strongest determinants of life outcomes, reflecting cycles of intergenerational disadvantage, and is strongly influenced by place. Parents who experience disadvantage are more likely to have children who will experience disadvantage in their adult lives.⁸ Where someone grows up also influences who they grow up with. Role models and peers in a person's local community can have a strong impact on their life outcomes. Being born into a higher income peer group is associated with higher income later in life, with the influence of peer group being up to a fifth of that of parents.⁹

6.2.2 Inequality in education is a major influence on employment outcomes through life

Education is a major contributor to life outcomes, including employment. Unequal beginnings can lead to differences in when children enter early childhood education, which in turn affects school outcomes, and later employment outcomes.

Early childhood education and care

Children develop cognitive and social emotional skills that are fundamental to their later achievement as adults.¹⁰ Brain development occurs more quickly in the first five years of life than at any other time. Children from disadvantaged backgrounds are twice as likely to be vulnerable on one or more Australian Early Development Census domains.¹¹

High-quality early childhood education and care (ECEC) is critical in ensuring all children get the best start in life, including cognitive and social development. In 2021, 36 per cent of children who did not



attend preschool were assessed as developmentally vulnerable on one or more domains, compared to 20 per cent of children who attended preschool (Chart 6.1).¹²

While children from disadvantaged backgrounds are the most likely to benefit from high-quality ECEC, they are among the least likely to participate in it. Children aged zero to five years from cohorts that experience disadvantage are under-represented in child care, and children aged three to five years from these cohorts are under-represented in preschool (Chart 6.2).¹³

If not addressed early, developmental vulnerability becomes more difficult and costly to tackle as a child falls further behind. Without high-quality ECEC and targeted early intervention, cycles of disadvantage repeat and set a trajectory for poorer outcomes later in life.¹⁴

Chart 6.1 Proportion of children assessed as developmentally vulnerable on one or more domains by preschool attendance and relative disadvantage

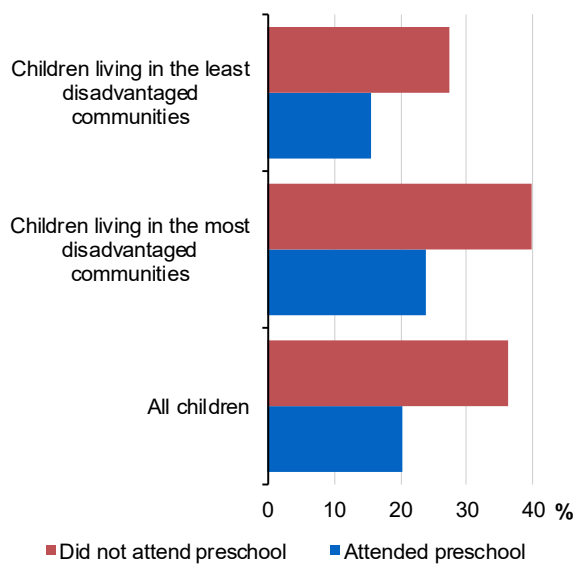
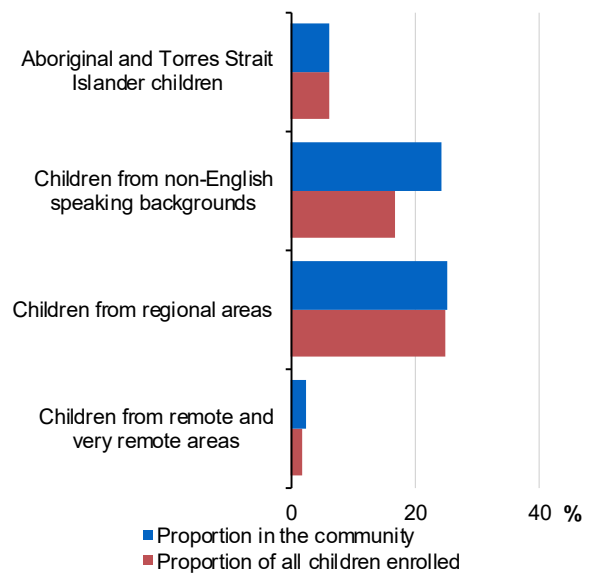


Chart 6.2 Proportion of children aged 3 to 5 years enrolled in a preschool program compared with their representation in the community



Source: Department of Education analysis of AEDC data

Source: Productivity Commission Report on Government Services, 2023.

Schooling

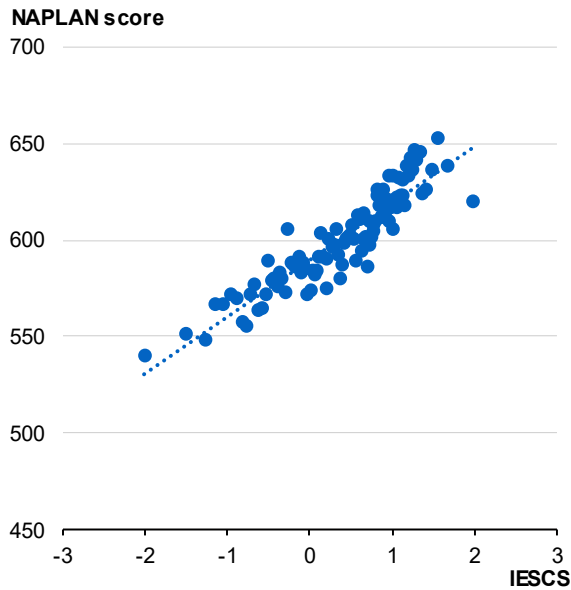
Unequal school outcomes are driven by various factors, such as socio-economic segregation, intersectional and compounding disadvantage, out-of-school factors, the learning environment and the quality of teaching and curriculum resources.¹⁵ Without change, unequal education outcomes will continue in Australia.

Low socio-economic status is associated with substantially lower school and student performance.¹⁶ The socio-economic background of students has a strong relationship with average Year 9 NAPLAN scores at both the student and school level (Charts 6.3 and 6.4). This may also capture the effect of



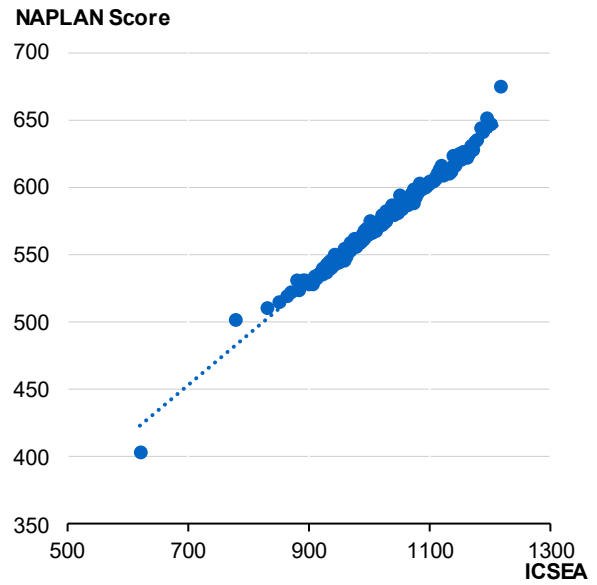
other out-of-school factors, such as parental engagement, availability of learning resources such as libraries, and access to other services.

Chart 6.3 Average student Year 9 NAPLAN scores and Index of Economic, Social and Cultural Status



Source: Treasury; NCVER Longitudinal Surveys of Australian Youth.
Note: Each point on the scatter plot represents a group of 44 students. The Index of Economic, Social and Cultural Status is a composite measure that combines into a single score the financial, social, cultural and human capital resources available to a student. Confounding factors have not been controlled for.

Chart 6.4 Average school Year 9 NAPLAN scores and Index of Community Socio-Educational Advantage



Source: Treasury; ACARA data.
Note: Each point on the scatter plot represents a group of 63 schools. NAPLAN results are from 2008 to 2017. ICSEA is the Index of Community Socio-Educational Advantage; it provides an indication of the socio-educational background of students. Confounding factors have not been controlled for.

Australia’s schools are highly segregated along socio-economic lines compared to other OECD countries and this trend is accelerating.¹⁷ Students from disadvantaged backgrounds are rapidly becoming more concentrated in certain schools. This is having a detrimental impact on education outcomes through compounding negative peer effects on the learning environment, teacher workloads and morale, and school resourcing.

Inequalities throughout the course of a person’s education affects their chances of Year 12 attainment, which in turn is one of the biggest determinants of future employment (Chapter 5). Aboriginal and Torres Strait Islander people and those living in regional and remote areas are significantly less likely to finish Year 12 than non-Indigenous people and those living in major cities respectively. People with a long-term health condition and people with low proficiency in English are also less likely to have completed Year 12 (Chart 6.5).

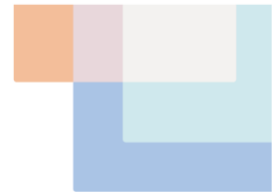
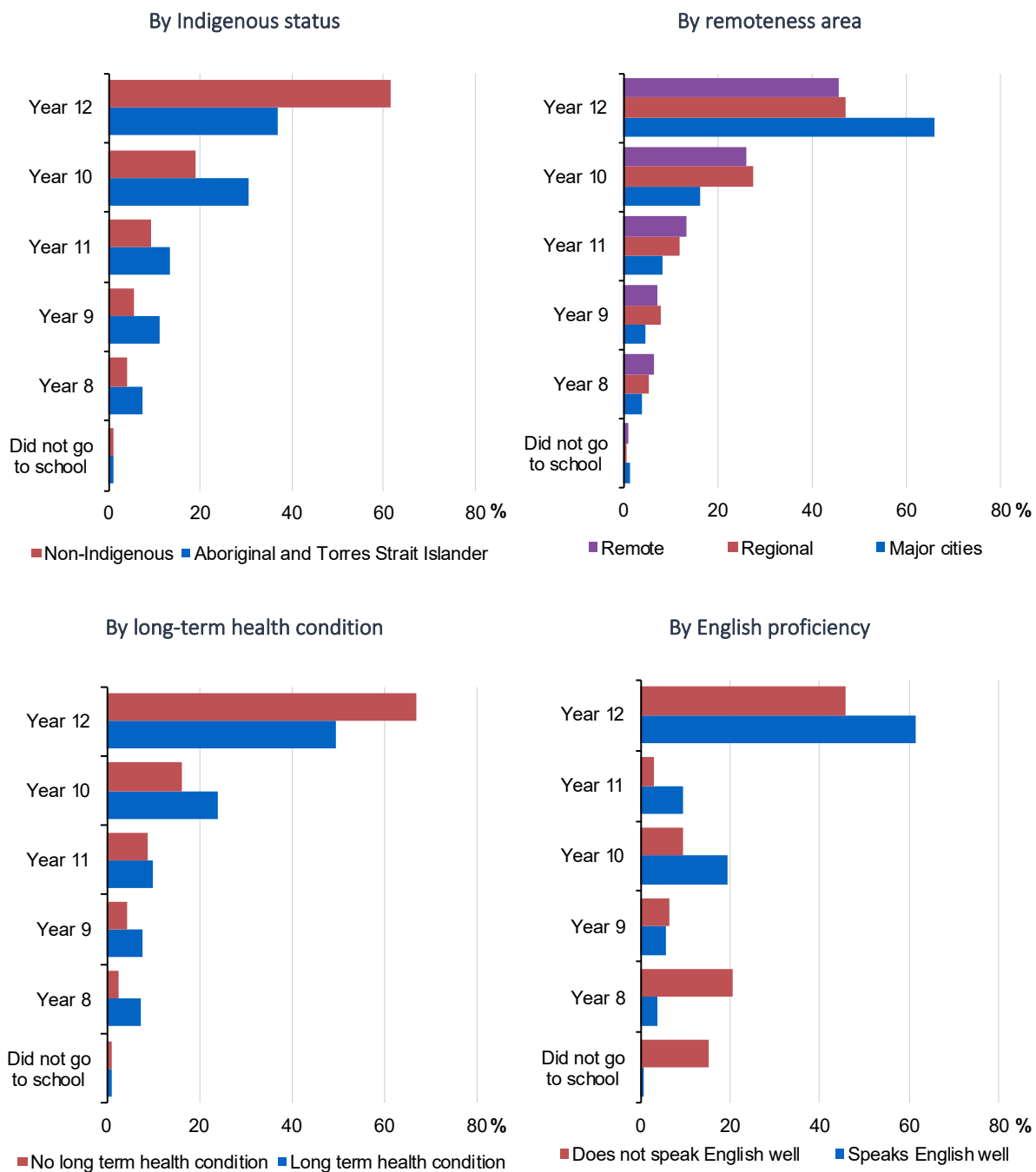


Chart 6.5 Proportion of population by highest completed year of school



Source: ABS Census of Population and Housing, 2021.



6.2.3 Life events can create or compound disadvantage

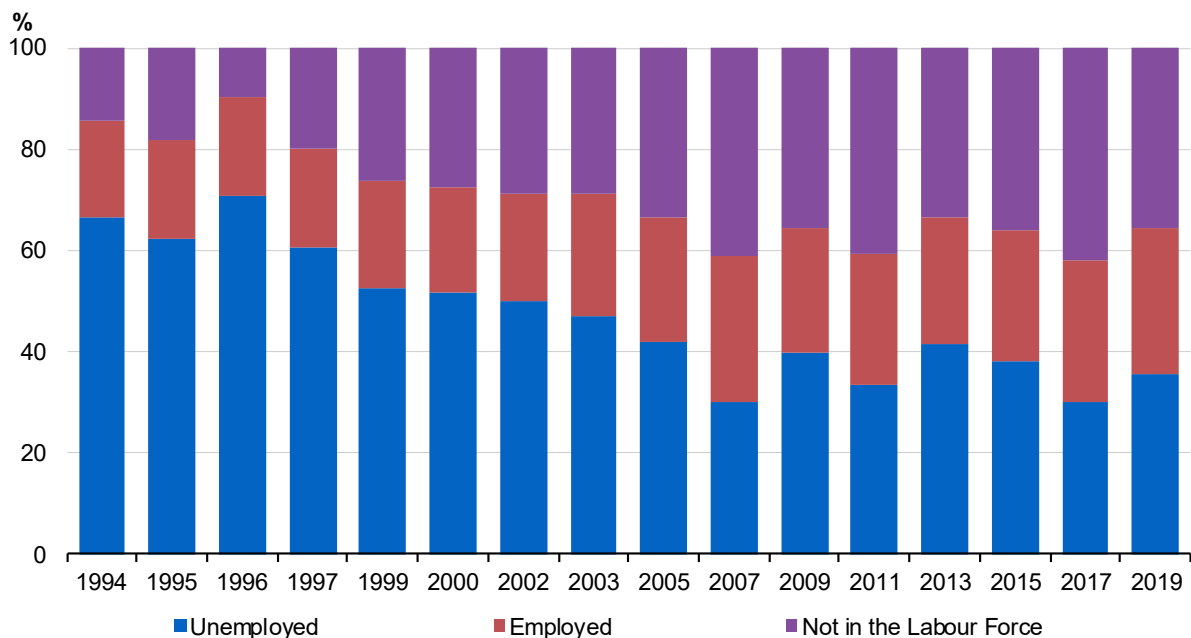
Unemployment; family, domestic and sexual violence; homelessness; and incarceration can affect anyone in society. But they are more likely to affect people who experience other forms of disadvantage, and are more likely to have more negative impacts or be harder to manage for this cohort.

Unemployment and income support

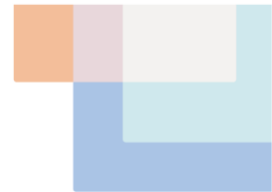
Many people will find themselves unemployed at some point in their lives, although this is more likely for those from disadvantaged backgrounds. Some will seek financial support through the income support system. Around one-quarter of people who are unemployed receive the JobSeeker Payment and another quarter receive other income support payments. Most of the remaining unemployed people are ineligible for payment.¹⁸

Not everyone on unemployment benefits meets the definition of unemployed used in official statistics. This reflects the complex barriers to work they face. In 2019, 35.7 per cent of people who received unemployment benefits were unemployed (Chart 6.6). Nearly as many were in employment (28.6 per cent), generally in part-time work not earning enough to move fully off payment. Others (35.7 per cent) did not meet the formal definition of unemployed for a wide range of reasons such as illnesses or episodic conditions that allowed job seekers a temporary exemption from looking for work or parents with caring-related exemptions.

Chart 6.6 Labour force status of unemployment benefit recipients



Source: ABS Survey of Income and Housing, 2019–20.



People's engagement with the JobSeeker Payment varies. For those who entered the payment in 2018–19, over the following five years:

- 9 per cent remained on payment without earnings
- 13 per cent remained on payment with some earnings
- 15 per cent exited payment within a year and remained off payment
- 25 per cent exited payment after a year and remained off payment
- 38 per cent exited payment but returned to payment at least once.

Over half of JobSeeker recipients either combined work and payment or moved on and off payment more than once. This emphasises the diversity of challenges and pathways people on income support experience in their journey of taking up work. These challenges can include insecure work, balancing work and care responsibilities, health issues, and various forms of discrimination.

Labour market scarring

Consultations for this White Paper highlighted the self-reinforcing nature of long periods of unemployment and disadvantage. Employers are less likely to employ someone, the longer their experience of unemployment. Around one-third of employers are less likely to employ a person if they have been unemployed for four to six months. This proportion increases to half for those unemployed for seven months to a year, and to two-thirds for those unemployed for one to two years.¹⁹

Around 36 per cent of job seekers in Workforce Australia (the mainstream employment service) had no paid work in the previous two years.ⁱⁱ These rates were even higher for First Nations people (50 per cent), people with disability (45 per cent), and people from culturally and linguistically diverse backgrounds (43 per cent). Of remote job seekers in the Community Development Program (the employment service for remote areas), 74 per cent had no paid work in the previous two years.

Family, domestic and sexual violence

Family, domestic and sexual violence is a pervasive social issue, and can affect people from all walks of life. People who have experienced domestic and family violence are more likely to have disrupted work histories, lower pay, and be employed on a casual or part-time basis.²⁰ A White Paper submission noted: 'both violence and the escape impact the ability of victim-survivors to work, remain engaged with their employers, and earn an independent income. Workplaces may be the site of violence or lack the flexibility that would enable victim-survivors to remain engaged whilst navigating abuse or escape. Violence may also impact a victim-survivor's confidence, health, appearance (from injury) and ability to undertake work.'

Women are more likely to be victim-survivors of family, domestic and sexual violence. Approximately one in four women, and one in eight men, have experienced violence by an intimate partner or family member since the age of 15. Family, domestic and sexual violence is a violation of people's right to a life free from violence. A recent report on the prevalence and impact of sexual violence in Australia showed its long-term negative impacts include reduced economic security for women.²¹ Another study found mothers who had experienced partner violence reported a 34 per cent drop in income

ii All employment services administrative data in this Chapter is as at 30 June 2023, unless otherwise specified. Employment services are discussed in detail in Section 6.3.



after separation, compared to a 20 per cent drop for mothers who had separated but had not experienced partner violence.²²

Some women face a greater risk of violence when they experience other forms of disadvantage or discrimination. For example, First Nations women and women with disability are more likely than other Australians to experience violence.²³ Approximately 60 per cent of single mothers have experienced violence by a previous partner.²⁴

Housing instability

Housing instability, including homelessness or lack of access to affordable housing, has been identified as a barrier for 11 per cent of job seekers in the Workforce Australia caseload. Housing instability can significantly affect job seekers' capacity to find and sustain employment. For example, homelessness makes it difficult to maintain personal hygiene, appropriate clothing, paperwork and regular communications. People experiencing housing instability often face challenges with mental health and emotional wellbeing, drug and alcohol use, lack of access to transport, and employer attitudes, which present additional barriers for finding and sustaining employment.²⁵

Incarceration

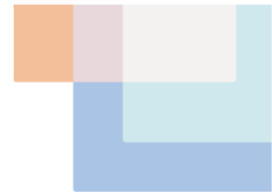
For those who have been incarcerated, returning to the community, family and employment can be difficult. Consultations indicated criminal history checks can be bluntly applied in the jobs market, excluding people from work, even when criminal history is not relevant to a specific job. Criminal history disproportionately impacts First Nations people because of their over-representation in the criminal justice system – something that is attributable to systemic and historical forces.²⁶ People who have been incarcerated are more likely to experience other concurrent barriers including homelessness and housing instability, lower education, and substance misuse, making it harder to find employment and overcome disadvantage.

6.2.4 Fragmented and limited services can make it harder to overcome disadvantage

Effective coordination of a broad range of services can make it easier to overcome multiple barriers, including entrenched disadvantage. These services – education, child care, transport, housing, health services including mental health, telecommunications and disability support – are vital contributors to work readiness. However, many remote and regional communities continue to experience issues with the quality and accessibility of essential services, with education, employment and health being of particular concern.

Accessing public transport, particularly after dark, can be a barrier for many women. In 2021–22, 80 per cent of women did not use public transport alone after dark. For those who did, 23 per cent felt unsafe and this rate was higher for women aged 18 to 24 (32 per cent) and women with disability (34 per cent).

Many people seeking work lack access to transport due to a limited public transport, or not having a vehicle or a driver's licence. Access to transport can affect job seekers in any part of the country, but is more common on the urban fringe and in regional areas.²⁷ Around 5.1 per cent of job seekers on the Workforce Australia caseload have no access to transport. This compares to 51.6 per cent of Community Development Program participants in remote Australia.



Certain cohorts are more likely to have limited access to transport. For example, 13.6 per cent of First Nations job seekers in Workforce Australia have no access to transport. In a roundtable held for this White Paper, people with disability described transport as the biggest challenge, with limited and inconsistent support through relevant services, as well as safety concerns. Transport barriers, including long commutes, can also affect women's participation, by making it more difficult to manage care and work responsibilities.²⁸ In addition, issues with transport disproportionately impact women who are more likely to work in industries such as aged care and disability support services, where issues with transport are significant. This includes the need to have access to their own vehicle to be able to perform care and support roles, particularly in home-based aged care and disability support services.

The multiple forms of complex socio-economic disadvantage require a holistic approach, and policy response and service interventions from multiple systems. These systems are often fragmented and operate in silos making them hard for people to navigate. System fragmentation and siloed approaches are evident across a broad range of human service systems including education, employment services, housing, health, community services, and justice systems. This can result in people 'falling through the cracks', or being unable to access support. In these circumstances, wrap-around supports can help link people with the range of relevant services. Case management can serve as a glue that brings multiple service systems together.

6.2.5 Addressing disadvantage through place-based approaches

Mainstream services are often designed to meet the needs of the average service user with a single need. Services designed this way can fail to meet the needs of those who are facing multiple or complex barriers.

Place-based approaches support communities, governments and service providers to develop targeted plans to identify local priorities and coordinate resources. These approaches can make meaningful, long-term improvements in areas of entrenched disadvantage. In particular, supporting children and families during the early years can play a key role in preventing and breaking cycles of disadvantage.²⁹

Place-based approaches elevate local voices. Embedding policy responses in the community can provide more tailored responses to local needs and link existing services more effectively to offer holistic, evidence-driven solutions to community problems. Stakeholders have called for targeted, place-based strategies to encourage and support more people to enter the workforce. These stakeholders note many programs, including employment services, are not as effective as they could be because they are not always responsive to local needs or linked up with other services.

Community decision-making and capability building can support the delivery of effective place-based services. However, this can require building capability to implement local solutions, including by providing greater access to data to inform local priorities, and ensuring that funding arrangements for community organisations are fit-for-purpose.



6.3 Investing in people through employment services

Employment services can help people connect to jobs and develop skills and broader work readiness. However, they are not always sufficient to overcome the complex barriers to workforce participation associated with entrenched disadvantage. People facing multiple barriers to employment can require tailored, joined-up help from multiple support systems and inclusive employer practices, in addition to effective assistance from employment services.

The Government supports over 944,000 job seekers through its key employment programs. These are Workforce Australia (the mainstream non-remote program), the Community Development Program (the remote program), and Disability Employment Services (the specialist disability specific employment program). Commonwealth employment services are predominantly used by income support recipients who are required to engage with the system as part of fulfilling mutual obligation requirements.

In addition to referrals for job opportunities, contracted employment service providers are required to provide job seekers with a range of supports. This includes assistance with job search, skills development, case management, connections with education or training, wage subsidies, assistance with work-related essential goods and equipment, and referrals to relevant local community services.

Consultations for this White Paper indicated that Australia's employment services system is seen as highly transactional and poorly tailored to the diverse and complex needs of people who use it. Services are thought to do little to support job seekers and build their capabilities, with one stakeholder arguing that national 'employment services had failed to keep those people at the highest risk of disadvantage connected with labour markets, let alone in paid employment'.³⁰ Some of this criticism relates to the former jobactive model, but many stakeholders consider little has changed with the move to Workforce Australia.³¹ Stakeholders have argued:

- the most disadvantaged job seekers are not adequately supported
- job seekers feel they are not receiving tailored support for their individual needs
- the system is highly fragmented and difficult to navigate
- there is a lack of employer engagement and connections to job opportunities.

Since the shift in Australia's employment services model to fully outsourced delivery, there has been less personalised servicing, and less qualified and experienced frontline consultants. Between 2008 and 2016, average caseloads per consultant rose from 94 to 148 making it increasingly difficult for frontline staff to provide quality support to clients.³² This coincided with the doubling of the proportion of the unemployed who were long-term unemployed between 2009 and 2019 (Chart 6.7). As at 2016, frontline staff were spending 34.6 per cent of their work hours, on average, meeting contractual compliance obligations and administration.³³

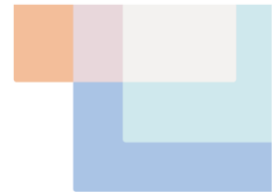
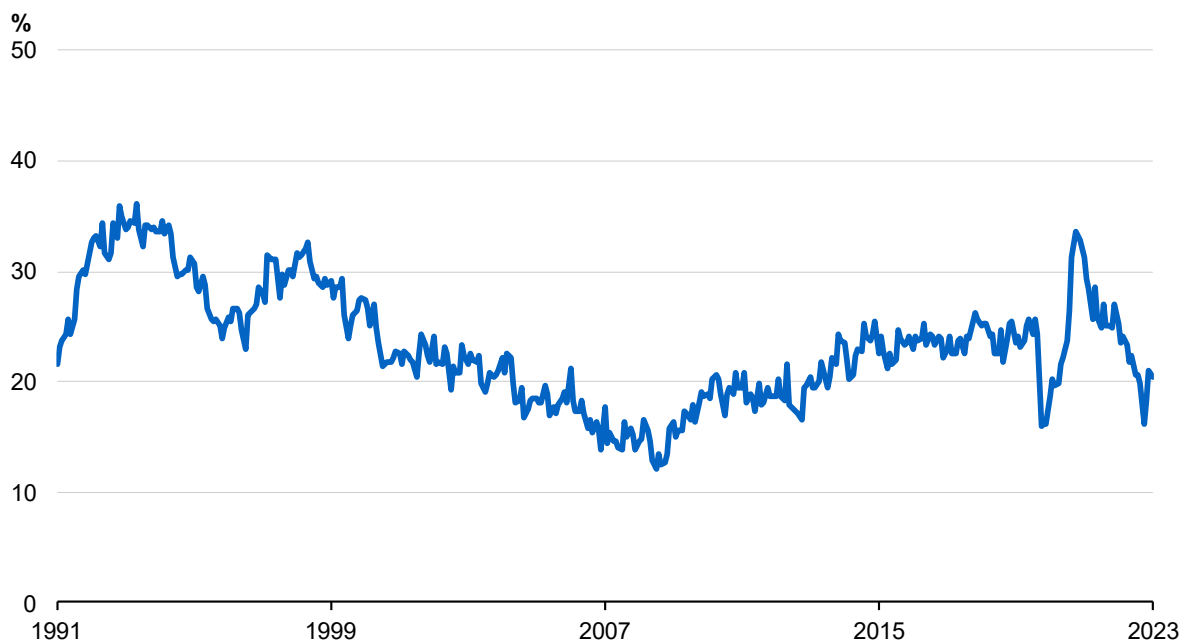


Chart 6.7 Long-term unemployment (per cent of total unemployment >52 weeks)



Source: ABS Labour Force, Australia, Detailed, July 2023.

6.3.1 Delivering employment services to meet increasingly complex needs and circumstances

The increasing duration of unemployment means job seekers increasingly face multiple, interconnected barriers to employment. These often arise from joblessness and poverty and affect all aspects of a person's life.

The most common barriers for Workforce Australia participants are not having a Year 12 education (37 per cent), no paid work in the past two years (36 per cent), disability (28 per cent), and intergenerational disadvantage (16 per cent). Around three-quarters of job seekers in the program face at least one employment barrier and 14 per cent of job seekers experience four or more barriers (Chart 6.8). Over half of First Nations job seekers in Workforce Australia face at least two barriers, while over half of people with disability face at least three (Chart 6.9). However, even the most common barriers only affect around one-third of job seekers in Workforce Australia, highlighting the diversity of job seekers and the need for tailored approaches.

In remote areas, 36 per cent of Community Development Program participants need to overcome four or more barriers, with the most common barrier being an absence of recent regular paid employment (74 per cent), followed by not having a Year 12 education (64 per cent) and issues with transport (52 per cent).



Chart 6.8 Percentage of Workforce Australia and Community Development Program clients who face multiple barriers

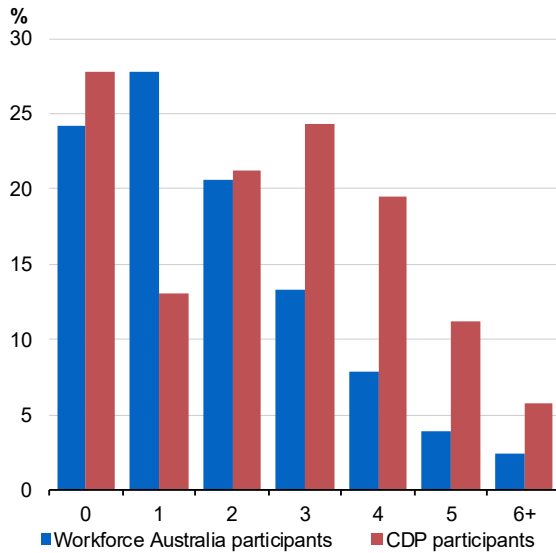
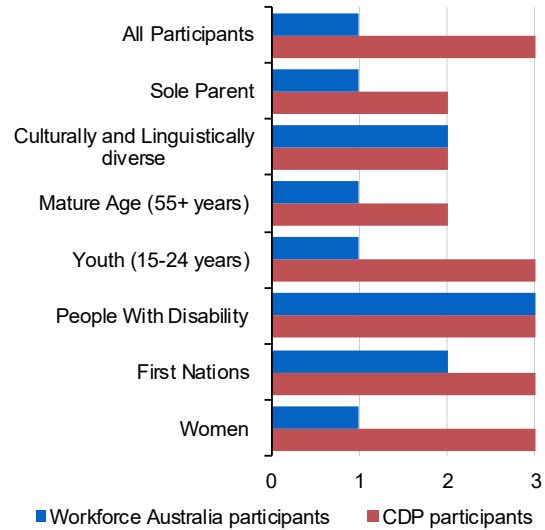


Chart 6.9 Median number of barriers faced by Workforce Australia and Community Development Program Participants by cohort



Source: Department of Employment and Workplace Relations and NIAA (Workforce Australia and Community Development Program data), June 2023.

Note: Job seeker barriers to employment are based on specific question/responses in current Jobseeker Snapshot. These barriers are: poor internet skills, not contactable by phone, homelessness/housing instability, disability/health condition, no transport, criminal history, education – less than Year 12, no paid work in two years prior to Job Seeker Snapshot, poor/mixed English language proficiency, substance abuse issues, and intergenerational disadvantage. All participants with disability have at least one barrier to employment experience identified through responses to the questions related to medical conditions.

Chart 6.10 shows that almost all participants in Disability Employment Services face significant barriers to employment, with 98 per cent of participants facing at least one employment barrier and nearly two-thirds more than five barriers.ⁱⁱⁱ The higher number of barriers reflects the more detailed Disability Employment Services barriers data, as well as the greater level of disadvantage. The most common barriers for Disability Employment Services participants are endurance limitations (7 per cent), physical limitations restricting type of work (6 per cent), episodic fluctuations (6 per cent) and psychological/psychiatric condition (6 per cent).

ⁱⁱⁱ Multiple types of disability and health conditions are recorded separately in the Disability Employment Services employment data as opposed to being recorded once in the Workforce Australia and Community Development Program datasets (based on the JSCI). Disability Employment Services data is drawn from Employment Services Assessments (ESAt) or Job Capacity Assessments (JCA). It cannot be directly compared with Workforce Australia and Community Development Program data (based on the Job Seeker Classification Instrument or JSCI) above.

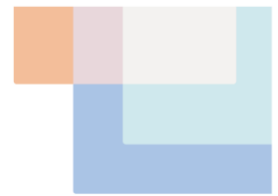
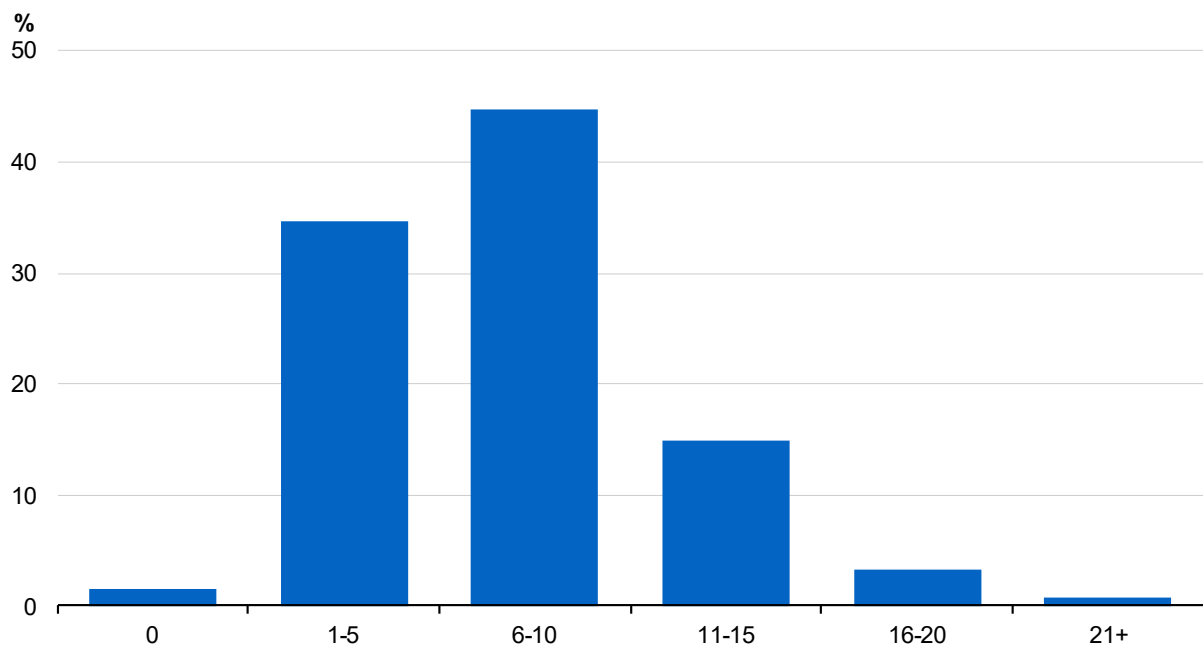


Chart 6.10 Percentage of Disability Employment Services clients who face multiple barriers (groups of 5 barriers)



Source: Department of Social Services Disability Employment Services Data, 30 June 2023.

Note: Participant barriers to employment are based on barriers recorded in the most recent Employment Services Assessment or Job Capacity Assessment.

These barriers are across around 70 different distinct categories. Examples include: Endurance limitations, Chronic pain, Awaiting medical/health intervention, Limited work goals, Transport issues, No or limited support network identified, Torture/trauma, Relationships/family, Sensory communication, Self care, Cross cultural issues, Domestic Violence, Legal action pending, Family law issues pending, and Gambling.

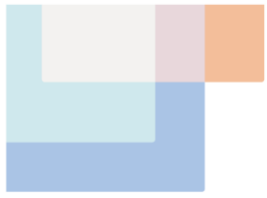
6.3.2 Creating a system that works for job seekers

The level of direct support – averaging 30 minutes a fortnight – currently available in the system is not sufficient for the most disadvantaged job seekers with multiple barriers. Academic research suggests that while the system may work relatively well for an average job seeker, it has failed those who are most disadvantaged.³⁴

Taking the time to invest in people and their skills generally delivers better labour market outcomes over the long term.³⁵ Nonetheless, the system needs to have flexibility to allow tailored responses to individual needs and circumstances.

The current approach drives down the cost of the income support system by getting people into any job rather than matching them with roles that best suit their skills and interests. Around 44 per cent of job seekers retain their employment following placement for less than 12 weeks. Although the work-first approach has the benefit of minimising labour market scarring and helping people build experience in entry level jobs, it can push job seekers into precarious employment that does not lift them out of disadvantage or into jobs that do not develop or fully use their skills.

The system also does not always work for employers. Stakeholders reported employment services and employers do not engage effectively with one another, reducing opportunities for job seekers.



The *I Want to Work* report found 4 per cent of employers used the system in 2018, compared to 18 per cent in 2007, while linked ABS-employment services data estimated 14.5 per cent of employing businesses had hired a participant in mainstream employment services in 2015–16. The need to interact with multiple competing providers to fill vacancies has been a major driver of employers increasingly disengaging from the system.

Further, when providers engage with employers, job matching is highly gendered, reinforcing occupational segregation.³⁶ For example, female job seekers represent over 80 per cent of referrals to ‘carers and aides’ jobs, while male job seekers represent over 90 per cent of referrals to ‘construction, mining and labourer’ roles.

In remote Australia, thin labour markets with few employers and limited job opportunities disproportionately impact First Nations communities. In these thin labour markets, the absence of jobs means traditional employment services based around job search and capability building are not effective.

Meeting the needs of people with high barriers to work will require investments in work readiness and skills development for some individuals seeking work, while also promoting timely job search for those closer to the labour market to minimise risks of labour market scarring. In addition, the system needs to better meet employer needs, but alongside this there needs to be better employer capability building.

6.4 Creating inclusive workplaces

6.4.1 Ending discrimination can put work in reach for more people

Workplaces that are not safe, respectful or inclusive limit job opportunities, especially for marginalised groups. Workplace discrimination, bias and harassment make it more difficult for people to find work, feel safe, and progress in their job. This reduces their economic security. Discriminatory workplaces can experience high staff turnover and reduced employee morale. Employers tolerating such behaviour risk reputational damage.³⁷

Women, people with disability, mature age people, youth, the long-term unemployed, First Nations people and people from culturally and linguistically diverse backgrounds are more likely to experience discrimination during the recruitment process, limiting their job opportunities. A 2017 survey of 1,200 businesses found 93 per cent of large businesses and 89 per cent of medium-sized businesses indicated openness to hiring people with disability, but only around a third of all businesses actually did so.

Many employers are also less likely to offer interviews to women and people from certain ethnic backgrounds, particularly in STEM fields.³⁸ Likewise, one in three human resources professionals reported they would not hire someone aged over 50.³⁹ This phenomenon is apparent in the public sector too, with a recent study of promotions in the Australian Public Service finding that, at every level, people from an English-speaking background were more likely to win promotions. Controlling for other factors, the researchers concluded discrimination was likely to be the driver of this difference.⁴⁰

Stakeholders also highlighted the need for accessible recruitment processes to open opportunities for people with disability. A White Paper submission noted that even recruitment websites aimed at recruiting employees with disability had accessibility issues.⁴¹ Common accessibility issues include navigability, a lack of captioning or alt-text, and poor screen contrast.



People experiencing multiple forms of disadvantage are particularly likely to be discriminated against. For example, culturally and linguistically diverse women face compounding impacts of sexism and racism at work. Muslim women have reported that wearing a headscarf is a barrier to finding a job, especially in customer service roles.⁴² In addition, women are subject to negative age stereotypes and discrimination at younger ages than men.⁴³

Discrimination and unsafe workplaces also limit opportunities and lower retention at work. Managers' biases affect the allocation of work tasks, access to learning and development opportunities and promotions.⁴⁴ Experiences of harassment or exclusion in the workplace can negatively affect career progression. For example, women who experience sexual harassment are more likely to switch to jobs that have more female colleagues and lower pay.⁴⁵

6.4.2 Job design can allow more people to participate

Creating inclusive workplaces goes beyond ending discrimination, and employers have a large role to play. It requires improving access to suitable jobs so people can keep working as life circumstances change, such as jobs that offer flexibility to balance care responsibilities or manage disability. In designing jobs that allow more people to participate, businesses create opportunities for more people, and can position themselves more competitively in the labour market, attracting a broader pool of staff, retaining current skilled staff, and benefiting from diverse experience.

In 2020–21 about 10 per cent of women and 9 per cent of men – approximately 116,000 people – reported their main difficulty finding employment or more hours was an absence of jobs with suitable conditions or arrangements. Nearly half of women (48.7 per cent) report the flexibility to work part time is very important for their labour market participation. One woman who had been outside the labour force for over 10 years described these experiences: “I would love to get back into work but [I am] trying to find work that works around my caring role... I see a lot of jobs advertised and I've got years of experience [but] nobody wants to hire someone who can only do 10 to 15 hours a week.”⁴⁶

Flexible work arrangements can help people maintain employment through key life stages. For example, women who have greater access to flexible start and finish times before having children are more likely to remain employed after having children.⁴⁷ As examined in Chapter 3, both men and women need flexibility. However, men are more reluctant than women to request flexible working conditions and less likely to be granted flexibility when they do make a request.⁴⁸ Those caring for elderly people or people with disability are more likely to leave the workforce altogether when flexible work is not available.⁴⁹ Stakeholders also highlighted the need for flexibility for First Nations people to meet cultural responsibilities.⁵⁰

Secure jobs support people to continue working when life circumstances change. For instance, parents and carers can struggle to manage caring arrangements when they receive little notice about forthcoming work rosters, or are required to work non-standard hours.⁵¹ A regular schedule is the most common working arrangement change sought by new mothers. When these requests are granted, new mothers work more hours and experience a smaller drop in earnings after having children.⁵² The combination of flexibility to manage care responsibilities, and security around hours and schedules, is an essential feature of a job for some people.

6.4.3 Role for employers to address participation barriers

Safe, inclusive and flexible workplaces foster opportunities within reach of people from all walks of life. Workforce diversity is an element of any firm's social licence to operate, and delivers business



benefits too. Diversity allows employers to draw on the widest possible talent pool, raise staff retention and improve staff performance and wellbeing.⁵³

Employers can put strategies in place that build culture and create more open and inclusive workplaces, such as:

- designing jobs to be inclusive and accommodating of employees' needs including in relation to hours and location where possible
- supporting employees to balance work with care responsibilities through more generous leave arrangements (such as paid parental leave)
- introducing workplace policies – codes of conduct and anti-bullying and harassment policies – backed by training to emphasise the value of diversity and inclusion
- taking steps to eliminate sexual harassment in the workplace, and taking allegations of misconduct seriously
- creating diversity champions and employee networks to promote an inclusive culture
- introducing inclusive hiring practices
- employment targets to increase parity, for example, gender balance and cultural diversity in recruitment, retention, and leadership positions.

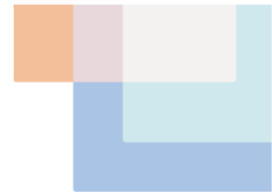
Inclusion strategies and policies to foster diverse workplaces are increasingly common. Over half of large private sector organisations have conducted a gender pay gap analysis and more than 2000 organisations have a Reconciliation Action Plan.⁵⁴

Employers can also support inclusive workplace by promoting flexibility. As discussed in Chapter 3, around 60 per cent of employees now have flexible start and finish times, and around half can work from home.⁵⁵ This is a marked change from a decade ago and means there are more options for more people to work in a way that suits them. This change has supported the participation of people with care responsibilities and enabled greater work-life balance. The trend towards inclusive practices is occurring in small and medium businesses too. Stakeholder consultation for this White Paper revealed how a medium-sized manufacturer in a male-dominated sector recruited and retained more women by introducing flexible shifts around school hours.

Strategies and policies, however, do not guarantee success. Many are not evidence-based, try to 'fix' workers rather than workplace culture, or fail to recognise diverse experiences.⁵⁶ However, carefully designed and evaluated strategies can be successful.⁵⁷

Despite recent labour market tightness, stakeholders indicated limited changes in hiring practices and flexibility. Employers, particularly small businesses, often face practical challenges such as:

- limited knowledge about supporting cohorts of workers with higher needs or in making reasonable adjustments
- committing limited resources to establishing policies and championing change
- perceived risks of employing an unemployed person
- complexities in the hiring process
- the cost of training someone who may not stay long term.



6.5 Removing financial disincentives and providing better supports to work

The design of the tax-transfer system is an important factor in supporting people to re-engage and engage more with paid work. Australia's tax-transfer system seeks to balance equity, efficiency, simplicity, sustainability, and policy consistency.

The system is targeted and, unlike many other countries, non-contributory. This means that people don't need to pay into it to be able to receive a benefit. The system is designed to help a range of people including those who are unable to work due to age or disability, people with young children, carers, and people without paid work, such as those made unemployed in economic downturns or during regional transitions. The transfer system includes:

- allowance payments to help people meet the basic costs of life and undertake activities such as study and looking for work
- pension payments to provide an acceptable level of support for people who are generally not expected to work or required to undertake activities to receive payment
- family payments to help meet the cost of raising children
- child care assistance, recognising that the cost of early childhood education and care can be a barrier to workforce participation.

Effective design of transfer payments is made challenging by the unavoidable trade-off between the generosity of payments, the cost to taxpayers, and the incentives for people to work. The Government aims to strike the right balance between these, but the system is complex and imperfect.

The targeted nature of Australia's transfer system helps ensure its sustainability. However, it can reduce the financial rewards of work, although means tests are designed to ensure that income support recipients are always better off working. Income tax and out-of-pocket costs associated with working (such as child care) also reduce these incentives.

Consultations for this White Paper found that while the financial benefits of work are important, they are not the only factor affecting whether people take up paid work. People's participation decisions depend on the job opportunities and supports available (discussed earlier in this Chapter), as well as the clarity and predictability of incentives.⁵⁸

The following section discusses whether settings in the transfer system are right for the modern labour market and focuses on two key groups: secondary earners and income support recipients (particularly those on JobSeeker Payment).

6.5.1 Financial disincentives for secondary earners impede women's economic equality

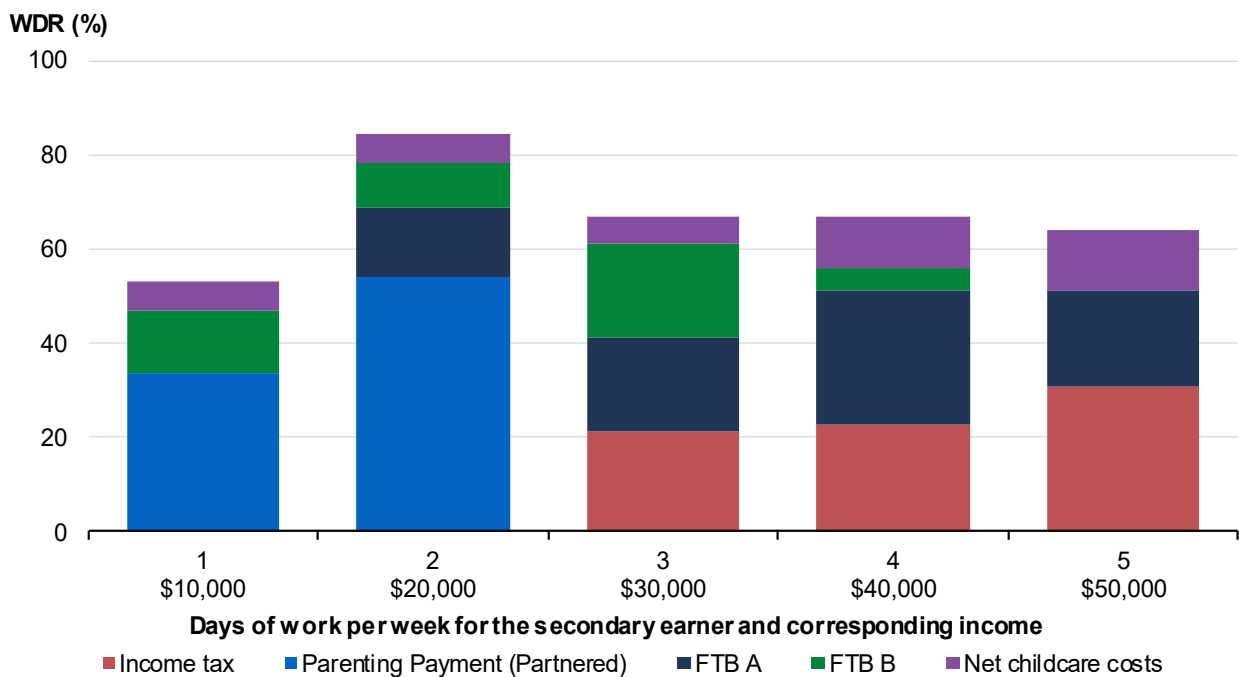
Secondary (or lower) income earners in families with children can face significant financial disincentives to increasing participation, and in many cases gain little financially by moving from part-time to full-time work. Secondary earners may see over half of the extra income from working an additional day lost to withdrawn payments (such as Family Tax Benefit), higher tax liabilities and increased out-of-pocket child care costs (Chart 6.11). The chart below shows the situation for a secondary earner in a couple, with one child aged three years, who would be earning \$50,000 if



working full time. For the first day of work, just over 50 per cent of extra income is lost to taxes, transfer payment withdrawals and out-of-pocket child care costs. Moving from one to two days of work per week means this secondary earner loses over 80 per cent of their extra income.

Women are more likely than men to be secondary earners, due to prevailing gender norms and the gender pay gap especially after the birth of their first child (Chapter 3). Following the arrival of children, parents face a trade-off between paid work and caring for children. Gender norms and lower income typically mean women bear primary responsibility for caring for children, and may work part time, work flexibly in a lower-paying job, or leave paid employment to manage these responsibilities.

Chart 6.11 Proportion of extra income lost to taxes, transfer payment withdrawals and net child care costs for a secondary earner in a couple with one child aged three – \$50,000 primary earner income and \$50,000 full-time equivalent secondary earner income

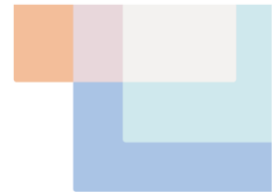


Source: Treasury CAPITA model, Budget 2023–24.

Note: WDR refers to the Workforce Disincentive Rate. This is the proportion of earnings from an additional day of work that is lost to income taxes, the withdrawal of transfer payments, and net child care fees.

Cameo is based on estimated tax and transfer policy settings for the December quarter 2023–24. The household is renting at a cost of \$800 per week and does not have a HECS–HELP debt. Income tax includes the impact of personal tax rates and thresholds, the Medicare levy, as well as relevant tax offsets including the low income tax offset and beneficiary tax offset. The household only receives private income from employment. Where applicable, the household has suitable private health cover such that they do not pay the Medicare levy surcharge. Their child is in long day care for 10 hours per day worked by the secondary earner, for 50 weeks per year, at a cost of \$11.80 per hour.

The limited financial returns to taking up additional work for secondary earners reinforces traditional gender norms and presents a major barrier to women’s economic equality. Women with children are more responsive to changes in financial incentives than men and people without children.⁵⁹ This means small increases in mothers’ take-home pay can lead them to take-up more paid work.



6.5.2 Helping income support recipients to work when they can

The highly targeted nature of the transfer system means that support is progressively withdrawn as recipients report higher income from work (and other income sources).

The income free area allows income support recipients to earn an amount of income every fortnight (\$150 for JobSeeker Payment recipients) before their payment is progressively withdrawn. This allows people, particularly those who are less likely to immediately move to full-time work (such as people with a partial capacity to work), to work small amounts without losing payment.


Most people receiving JobSeeker Payment have no labour income (78 per cent of recipients in July 2023) and so do not make use of the income free area. JobSeeker recipients who do earn income do not appear to restrict their income to align with the income free area threshold, with no bunching of recipients earning around or above the \$150 per fortnight threshold.⁶⁰ This may reflect that many jobs do not offer workers the opportunity to precisely choose their preferred number of work hours or that the threshold is not the key determinant in the number of hours people choose to work.⁶¹

Beyond the income free area, a single person on the JobSeeker Payment who is working will generally lose at least half of each additional dollar they earn through a combination of taxes and payment withdrawal (and at some points more than 80 cents on the dollar). This tightly targeted payment withdrawal in combination with mutual obligation requirements (discussed further below) keeps the JobSeeker Payment targeted at people who need it most and constrains the overall cost of the program. People in this scenario are always financially better off when they have employment earnings.

Age and Disability Support Pension, and Carer Payment recipients can face similar financial barriers to working, as these payments are also targeted through means testing, however they have access to more generous settings as they are not expected to work. Analysis in the Retirement Income Review suggested the financial returns to work may not always be the most important factor in mature age people's decisions to work or not, especially if they are retired, the withdrawal of the Age Pension may dissuade some people from working.⁶² The situation for single parents receiving Parenting Payment (96 per cent of whom are women) is slightly different. Parenting Payment (Single) has a more generous income free area and lower withdrawal rate which recognises the important role that carers of children play, and the challenges single parents face combining paid work with caring. Despite the challenges posed in combining work and care, Parenting Payment (Single) recipients have one of the highest rates of reporting earnings out of all income support recipients (32.8 per cent of recipients, June 2023).

Smoothing income support as earnings change

Working age payment recipients also accrue employment credits (up to a cap) over periods when they have little or no income. These are designed to create smoother transitions back into employment for recipients. They target support to those taking up work or looking for more work, rather than those who work continuously while on payment. Credits can be used to offset future employment income which would otherwise have resulted in a reduction in payment. Once credits are accumulated, less payment is withdrawn for a temporary period, strengthening the immediate returns from work. For example, a single mother on Parenting Payment (Single), who has been unemployed for over a year and decides to work part-time (two 5-hour shifts a week at \$30/hour) is able to keep her full rate of payment for five additional weeks.



Employment credit systems help smooth transitions from receiving the full rate of income support while unemployed to a partial rate or no income support while working. These credits can be an effective tool for increasing employment and earnings, and as part of the Jobs and Skills Summit the Government provided a temporary upfront credit for pension payment recipients.⁶³

Financial and non-financial incentives can lower participation

Consultations on this White Paper found job seekers often feel that there is value to remaining attached to the income support system. Beyond access to payment, eligibility for an income support payment can provide ongoing access to health care cards and concessions. Health care cards provide income support recipients with access to cheaper medicines under the Pharmaceutical Benefits Scheme, and access to bulk billing and refunds to medical expenses through the Medicare Safety Net. More broadly, Commonwealth concession card holders have access to the following at reduced or no cost: public transport, vehicle registration and licences, dental and eye care, electricity and gas, council rates and water/sewerage, and emergency services levies. These benefits are particularly valued by people with disability because they often face significant health care costs. Eligibility for an income support payment can also qualify someone to receive the Child Care Subsidy, which can be an important determinant of women's workforce participation. The potential loss of these benefits can act as a barrier to work for some people across a wide range of working age and pension payments.

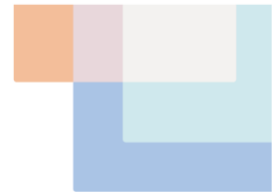
Some income support recipients report that once they have left income support, regaining income support if needed is complicated, time-consuming and carries a degree of uncertainty which may create anxiety around less secure job opportunities. To help mediate this, income support recipients can remain attached to the income support system for six to seven fortnights when they are earning enough income to reduce their payment to \$0. This allows people to automatically resume payment if their income drops below the income cut out limit during this period, without the need to make a new claim or serve waiting periods. After this period, people are required to apply for payment again and are subject to waiting periods, which can vary depending on their circumstances.

Incentivising job seekers to take up job opportunities, even if they are not full-time ongoing roles, helps reduce reliance on income support. For JobSeeker Payment recipients aged 22 to 30, earning any income is associated with a 9.3 per cent lower expected lifetime receipt of welfare. Combining earnings and payment increases the probability of exiting income support and reduces time on payment.⁶⁴ This reflects the important role of entry level jobs in providing pathways to better jobs and more hours, and ultimately exit from payment. Further, part-time employment has been found to increase the probability of full-time employment by approximately nine percentage points for men and six percentage points for women (for those who were not previously in the labour force).⁶⁵

Balancing mutual obligations to drive participation

Current social security policy settings link eligibility to requirements to attend appointments with employment services providers and engage in activities. This can include applying for jobs, participating in education or training, and going to job interviews. For working age payments, these obligations mean people can have payments suspended if they do not meet requirements.

Well-designed activity requirements improve labour market outcomes.⁶⁶ However, if requirements are too onerous or are not accompanied by genuine quality support to find suitable employment, they can have harmful effects. Overly strong obligations can push people to become 'the hidden unemployed' as they stop searching for work and move on to payments with less onerous conditions or leave payment without finding work.⁶⁷



The type of activity requirements also matter. Poorly-designed obligations can tie up job seekers in low quality programs that exhaust both time and financial resources to attend, reducing capacity to search for suitable work.⁶⁸ They can have consequences for employers too, such as high administrative burden from large volumes of low-quality or unsuitable application submitted for the purpose of meeting obligations rather than genuine applications for work. Well-designed obligations can support better outcomes for both job seekers and employers.

6.6 Supporting people to engage in work as life evolves

Some people need different supports to re-engage, engage more, or remain engaged in work as life changes. Support systems need to be set up so that they can cater to people's individual needs as circumstances change at different stages of life. For example, young people may need support to transition from education to employment. People with care responsibilities often require flexibility to balance work and care, and support to re-enter the workforce after taking career breaks. Older people may need support to continue participating in the workforce as they transition towards retirement. People with disability or health limitations, either acquired or lifelong, can also need assistance to work to their full capacity. The challenges of these life stages can be compounded by intergenerational disadvantage.

6.6.1 Transition from education to employment

The transition from education to employment can be bumpy and this can be more complicated when young people are from a disadvantaged background. The youth unemployment rate is double that of the general population (discussed in Chapter 2). The high youth unemployment rate reflects the barriers young people can face when trying to enter the workforce, such as having fewer skills and less experience and needing flexibility around education and life commitments.

Young people often bear the brunt of weak labour markets. They may be unable to find work or be forced to take jobs further down the 'jobs ladder' when fewer entry-level job opportunities are available.⁶⁹ Young people may have limited social networks to connect them with employment opportunities or experience discrimination from employers, particularly when they have multiple intersecting barriers. For example, young refugees and migrants can face specific barriers including 'experiences of racism and discrimination in looking for work and at work, unconscious bias from employers and recruiters, lack of targeted and flexible support available and lack of recognition of prior education or training undertaken outside of Australia'.⁷⁰

At a roundtable discussion held for this White Paper, young people highlighted transport including the cost of driving lessons and mental health challenges as significantly impacting their ability to obtain and remain in employment.

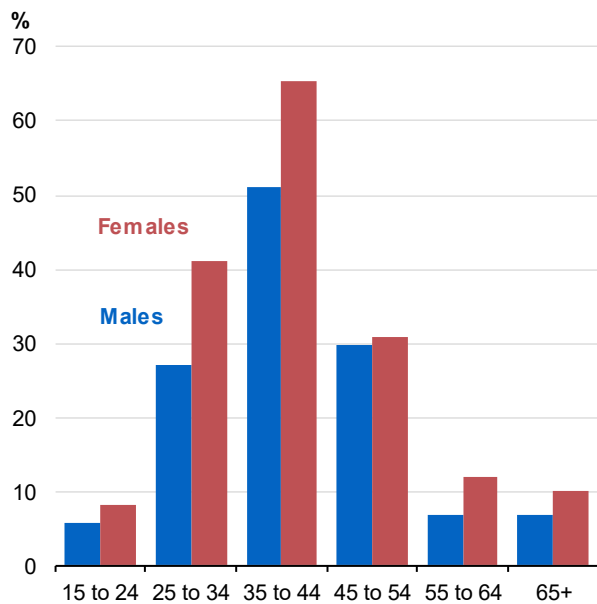
Effective employment services can be an important support for young people's entry into the workforce. Employment services that build young people's capabilities can improve pathways into work. These services should be integrated with complementary systems focused on investing in the individual to achieve successful outcomes.



6.6.2 Balancing work and care responsibilities

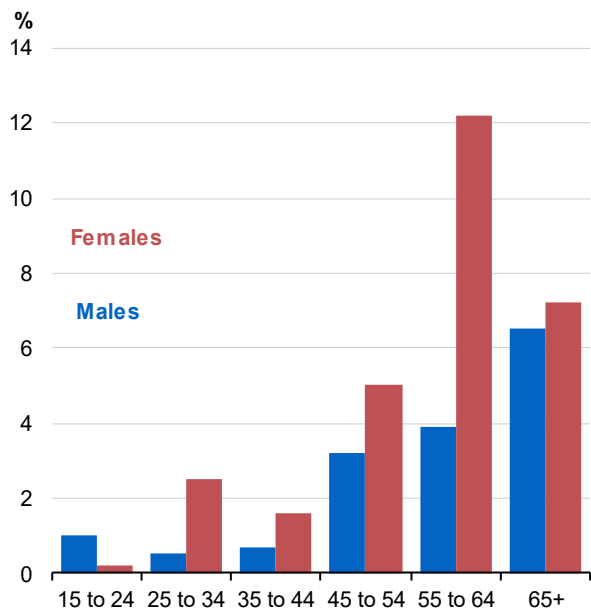
Unpaid care is not shared equally in Australia. Women bear most of these responsibilities, reflecting the persistence of traditional gender norms.⁷¹ Chart 6.12 below shows that about half of men, and two-thirds of women aged 35 to 44 years spent time caring for children in 2020–21. On average, women undertook 4 hours and 31 minutes of unpaid domestic, care and voluntary work each day. This compares to 3 hours and 12 minutes for men. Women do most of the housework even when they are household breadwinners or work considerably more hours than their male partners.⁷² For parents, mothers spent an average of 3 hours 34 minutes caring for children, while fathers spent 2 hours 19 minutes. A significant proportion of people, particularly women aged 55 to 64 years, care for an elderly person or person with disability (Chart 6.13).

Chart 6.12 Proportion of population who spent time on child care activities



Source: ABS How Australians Use their Time, 2020–21.
 Note: Child care activities include physical and emotional care, teaching, helping, playing, talking, minding and feeding children under 15 years old.

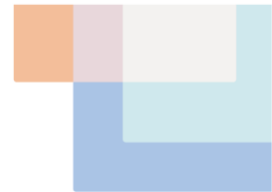
Chart 6.13 Proportion of population who spent time on adult care activities



Source: ABS How Australians Use their Time, 2020–21.
 Note: Adult care activities include caring for someone aged 15 years or over who is sick, with disability or elderly.

Unpaid care responsibilities can be a barrier to participation for those who want to work more, as they reduce the time available for paid work.⁷³ Overall, 24.7 per cent of women, and 0.2 per cent of men, reported caring for children as the main reason they were not available to start a job or work more hours in 2020–21.

Many unpaid carers need work flexibility to accommodate children’s schedules, care recipients’ medical appointments, or sick days.⁷⁴ Because this flexibility is disproportionately sought by women,



it contributes to occupational segregation and the gender pay gap (Chapter 3).⁷⁵ Care responsibilities earlier in life can limit education and work opportunities for women later in life, particularly for those from culturally and linguistically diverse backgrounds.⁷⁶

Strengthening formal care services

Effective formal care and support services – including aged care, disability support, outside school hours care and early childhood education and care – are crucial for facilitating participation of people with care responsibilities.⁷⁷ For carers of people with disability and older people to engage with work effectively, ‘substitute care’ from the NDIS and aged care systems needs to be adequate. Additionally, workplaces need to be more flexible and inclusive, and the interface with the income support system needs to improve.⁷⁸ These systems are particularly important for low-income families and single mothers.⁷⁹

The cost, availability, flexibility and quality of care services influence the work decisions of people with care responsibilities. High costs of services are barriers to work. This is particularly the case for women, who are more likely to have the cost of child care factored against their earnings rather than household earnings. This can factor into decisions about increasing participation. In addition, limited availability of services constrains carers from taking up new opportunities, particularly in regional or remote areas.⁸⁰ Service schedules that cannot accommodate variable or non-standard work hours limit carers’ employment opportunities.⁸¹ Carers are also reluctant to leave their loved ones in a poor care environment.⁸²

Re-balancing paid work and care

Reforms to encourage sharing of paid work and care have long-term benefits for women, men, children, and the economy. Supporting gender equality within the labour force, especially in relation to care responsibilities in the family, is critical to women’s economic security later in life.⁸³

Shifting gender norms also offer opportunities for men to better balance work with care responsibilities. Attitudes to fatherhood and working fathers have changed over the last 15 years becoming more supportive of greater father involvement in the care of children and the ability of working fathers to meet the needs of their children.⁸⁴ This has caused significant change around young workers’ expectations of work and care, and employers need to keep up with these changes.

We have made significant progress on paid parental leave

Paid parental leave is a key tool in lowering the barriers for women to return to work and improving gender equality in the way work and care responsibilities are shared in society. The introduction of Australia’s publicly-funded paid parental leave scheme in 2011 increased women’s workforce participation, particularly for mothers on lower incomes and sole parents.⁸⁵ This is consistent with international evidence showing the benefits of paid parental leave for increasing women’s labour force participation, lowering the gender pay gap and supporting women’s and children’s health.⁸⁶

Paid parental leave is overwhelmingly taken by women. In 2021–22, women made up 65 per cent of all parents who used the Paid Parental Leave scheme. Under previous settings, which differentiated between primary and secondary carers, almost 99 per cent of men who accessed the scheme did so under Dad and Partner Pay. Similar results are seen for private parental leave schemes. This can reinforce the norm that women are the primary caregiver, entrenching an unequal distribution of paid and unpaid work over the life course.⁸⁷



Policy changes in place from 1 July 2023 are designed to help address this inequality by encouraging fathers to take leave in the crucial early months of children's lives, fostering a more equal division of unpaid care and housework, and facilitating women's greater workforce participation (discussed further in Chapter 7). Overseas, these policies have been shown to shift traditional gender norms, improve women's economic outcomes over the long-term, and improve fathers' wellbeing and relationships with their children.⁸⁸ This reduces the impact of a fall in earnings for new mothers and enables them to maintain or increase their workforce participation, with benefits to their lifetime earnings and career progression.⁸⁹

6.6.3 Helping mature age workers remain in the workplace longer

People are working until later in life, but mature age people can face significant difficulty finding a job after becoming unemployed and tend to remain unemployed for longer than younger workers. This is likely to disproportionately impact regional areas that have older populations, and in spite of significant workforce shortages. These difficulties are apparent in the increasing proportion of JobSeeker Payment recipients aged over 55. As at 26 May 2023, this cohort makes up 29 per cent of all people receiving JobSeeker Payment, an 11 per cent increase since September 2013.

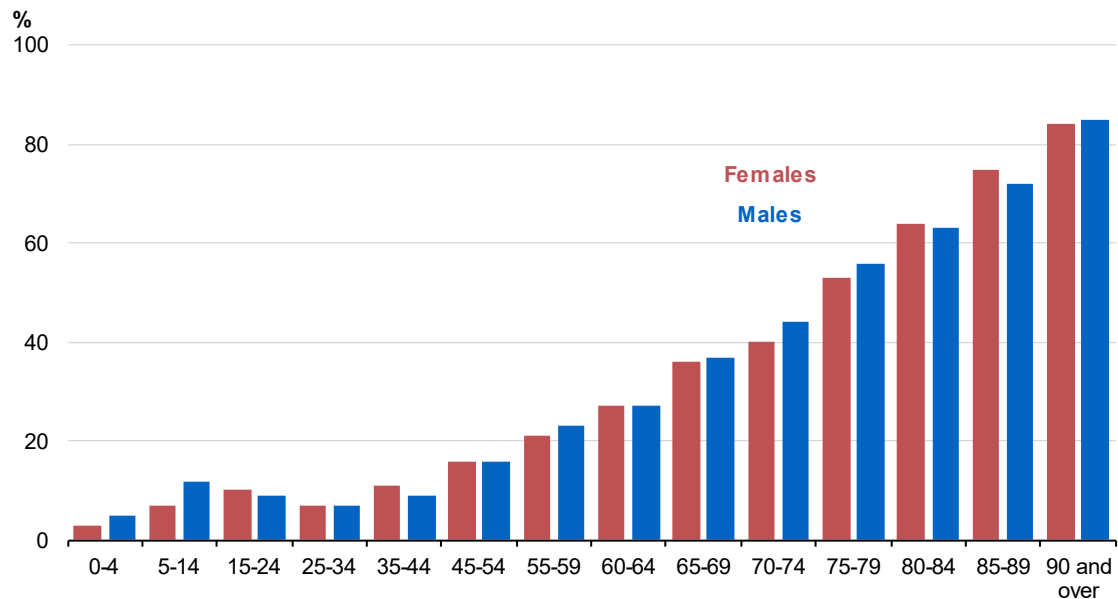
Stakeholders argued age discrimination and poor health were major barriers to work for mature age workers, confining them 'to redundancy and irrelevance'.⁹⁰ After turning 50 years old, 24 per cent of people have experienced employment-related discrimination, either in the workplace or when seeking employment.⁹¹ The most frequent issue encountered was being treated unfavourably, by being sidelined, patronised or not treated as capable, and this was more common among women than men. Other barriers faced by mature age workers include disability, chronic illness, and unpaid care responsibilities. Women also face unique barriers to remaining in the workforce including menopause (discussed in Section 6.6.4).

Manual workers, including those working in care sectors, can face unique challenges maintaining employment in mature age. These include the higher prevalence of physical injuries in manual jobs as well as the greater difficulties some mature age workers may experience when performing physically strenuous work. The median age of physical workers in Australia is 40, compared to 48 for non-physical workers. Only 18 per cent of physical workers are aged 55 and older, indicating that as these workers get older, they are either shifting into jobs that are less physically demanding or leaving the workforce.⁹² Poor health is a key reason mature age workers involuntarily cease working.⁹³

Early retirement can be further influenced by disability, which generally increases with age (Chart 6.14). In 2018, one in eight (13 per cent) people aged 15 to 64 years had disability (including chronic or long-term illness), compared to one in two (49.6 per cent) people aged 65 years and over. The prevalence of disability increases from 22 per cent for 55 to 59 year olds to 27 per cent for 60 to 64 year olds, and to 36 per cent for 65 to 69 year olds.



Chart 6.14 Disability prevalence rates



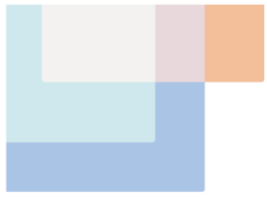
Source: ABS Disability, Ageing and Carers, Australia: Summary of Findings 2018.

6.6.4 Supporting people with disability or health conditions to work to their capacity

Around one in six people in Australia or about 4.4 million have disability. Another 22 per cent or 5.5 million people have a long-term health condition. Disability can be acquired (developed during a person’s lifetime as a result of accident or illness) or present from birth. Disability types include sensory (loss of sight, hearing and speech difficulties), physical (breathing difficulties and restrictions in physical activities), psychosocial (mental illnesses, nervous or emotional conditions, memory problems), and intellectual (difficulties learning or understanding).

Engagement with people with disability for this White Paper drew out the diversity of perspectives in the disability community around participation barriers. While some felt a need to conceal their disability to avoid unconscious biases, others suggested that their ‘invisible disability’ meant workplaces failed to provide the reasonable adjustments they required to work.

Long-term health conditions and disability can limit the amount or type of work people can do. Long-term sickness or disability was the main reason reported for being unavailable to start a job or work more hours in 2020–21 (24.5 per cent). It was the most commonly reported reason for men (35.1 per cent) and the second most commonly reported reason for women (18.8 per cent) after caring for children (24.7 per cent). Workforce Australia data suggest disability and health conditions affect the capacity of 28 per cent of job seekers, especially mature age people (39.4 per cent), women (26.9 per cent), and First Nations people (26.5 per cent).



The intersection of gender inequality and disability discrimination means women with disability experience unique challenges entering the workforce, working to their capacity, or being supported to remain in the workforce. The underlying structural barriers to their workforce participation include: poverty, lack of safe, accessible and affordable housing, lack of accessible and affordable transport, the high incidence and prevalence of gender-based violence, non-optional costs of disability, and inflexible work arrangements.⁹⁴

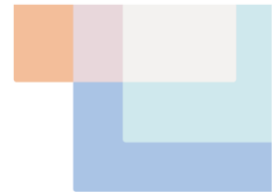
Some health issues disproportionately affect women and can limit their ability to participate in the workforce over their lifetimes. For example, the physical and psychological effects of reproductive health issues, such as endometriosis, abnormal uterine bleeding or menopause, may force women to take time off work, work part time, or leave the workforce. A study found that one in seven women had taken time off from work or school during their menstrual cycle.⁹⁵ Around 20 per cent of women experiencing menopause have severe symptoms that interfere with their daily lives. This can lead to long-term absences from work or force women into early retirement.⁹⁶

Although many people with mental health conditions live full lives, these conditions can reduce some people's capacity to work and ability to secure employment. The National Study of Mental Health and Wellbeing conducted in 2021 found that about two in five Australians aged 16 to 85 have experienced a mental health disorder during their lifetime, and one in five had experienced symptoms in the previous 12 months. Some groups experience higher rates of mental illness. First Nations people, those who identify as LGBTIQ+, people with disability, and those aged 16 to 24 are most likely to have experienced symptoms in the previous 12 months.⁹⁷ Of job seekers in Workforce Australia, 14 per cent have an identified mental health condition. In comparison, 58 per cent of job seekers in Disability Employment Services have a mental health condition.

Effective and coordinated formal support systems including the NDIS, physical and mental health services, and employment services is crucial for improving employment outcomes for people with disability or health conditions. At the same time, these systems can only be effective if workplaces are inclusive and free from discrimination. Several White Paper submissions suggested workplace design prevents people with disability engaging in work despite being skilled and willing to work. Submissions also discussed how workplace modifications and 'job carving' can be effective in supporting people with disability and significant health conditions. Stakeholders also suggested more employers, particularly small and medium sized organisations, need encouragement to employ people with disability.

6.7 An integrated and multifaceted approach

The Government is focused on helping people to overcome barriers to participation and broaden opportunities across the country. Connecting more people to work and breaking cycles of disadvantage needs an integrated approach that goes beyond government and involves genuine partnerships with communities, industry and philanthropy. It requires a deep understanding of what matters to local communities and involving them in policies that directly affect them. The Government will work with employers and communities to ensure everyone is pulling in the same direction – including greater use of partnerships, focused on supporting people, places and expanding opportunities. As a starting point the Government is progressing the work announced in the Targeted Entrenched Community Disadvantage package, and scoping a First Nations Economic Partnership with the Coalition of Peaks to improve progress against Closing the Gap outcomes.



The Government is also committed to a social security system that provides a strong safety net for those who need it. The Government has increased the rate of working age and student payments and provided the largest increase to Commonwealth Rent Assistance in 30 years. Age pensioners were provided a temporary \$4,000 boost to their Work Bonus income banks to support them to work more if they want to and to assist filling labour shortages. Other aspects of the social security system, and broader government service systems, can be improved to facilitate workforce participation and remove artificial barriers that act as a deterrent to coming off payment into work.

Addressing the wide range of barriers to labour force participation that may arise across a person's life requires a broad suite of policies. The Government is supporting families to balance care and work responsibilities more equally through expanded Paid Parental Leave and Cheaper Child Care, and improving quality and access in other formal care settings such as aged care and disability care.

Greater flexibility and support at work for individual needs as circumstances change across a person's life can help to create a stronger, more productive workforce. The Government is working with employers, civil society and the community to build more inclusive workplaces.

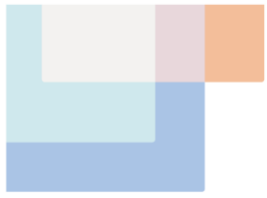


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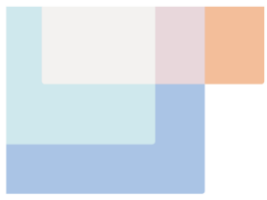
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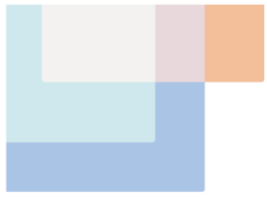
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