CSI BUDGET RESPONSE

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Contents

Is weathering the storm enough? 2
A recovery of GDP does not mean that social inequalities no longer exist.......4
Mental Health gets a shot in the arm, hospitals left behind....................4
Housing and Homelessness....................5
Education: Prioritising disadvantaged students and families....................6
The First Nations Budget: A lot to look at but little new money going around. 7
Employment, unemployment and underemployment....................8
Tax and Social Security Changes....................10
What about climate?....................11

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This response discusses how the key changes presented in May's Federal Budget are likely to have an impact on different social issue areas; positive and negative. We explore how, while being primarily about securing jobs and stimulating the economy, there are a number of people and groups who are at risk of being left behind.

For more in-depth analysis on key social issue areas in the context of COVID-19, check out our Fact Sheets.

Is weathering the storm enough?

Professor Kristy Muir

There was a lot of welcome news for the Australian economy in the Federal Government's 2021-22 budget announcement.

We once again earned our moniker of the 'lucky country', especially regarding our economic, health, and social recovery from a pandemic that continues to affect the globe. But of course, it's not all 'luck'. We witnessed the impressive power of what government policy and intervention can achieve. For example, we saw:

- A drop in rough sleeping (e.g. between Feb 2020 and Feb 2021 Sydney Street Count numbers went from 505 to 288);
- Improvement in housing stability with moratoriums on evictions;
- Social security increases which lifted people above the poverty line and enabled them to do the things many of us take for granted: eat three meals a day, buy more nutritious food for their children, pay debts, buy warm clothes and basics, like toiletries;
- Unemployment being curtailed by supporting 1.63m workers on JobKeeper (as at October 2020; with 1.54m still on JobKeeper by Dec 2020);
- Support for charities and other affected industries; and
- A public health system rally to keep us as safe and well as possible.

This is the definition of resilience: how we adapt and cope in adverse circumstances through internal and external supports. And we certainly adapted and 'bounced'. Collectively, we weathered the storm and avoided falling off the cliff edge.

The "cliff edge" analogy has been used a lot over the last year. There was great fear about the impended uncertainty of falling off the cliff. The reality is that some people had already fallen off the cliff into stormy seas, even before the pandemic began. Who and how many more will fall off that cliff now that JobKeeper, JobSeeker and other supplements and supports have stopped is not yet known.

The recovery data suggests that the Australian economy "falling off the cliff edge" is far less likely than previously feared. And the government's strong focus and aspirational target to bring unemployment rates to below 5% (with billions being invested into "creating jobs and rebuilding our economy") is impressive and critically important.

Its $17.7bn funding response to the recommendations of the Royal Commission into Aged Care Quality & Safety over the next 5 years, along with its increase in support to veterans, investment in childcare, and investment in mental health are also all very positive and important for society.

But there are 5 reasons I'm concerned and disappointed.

Before COVID, before the natural disasters, before the Black Lives Matter movement, we already had people who had fallen over the cliff into stormy seas without life rafts. 1 in 200 homeless on any given night; little social progress despite almost three decades of GDP growth; stagnant wage growth; 2 in 5 families living in poverty have at least one working parent. We provided life rafts to some of them during COVID, but it wasn't enough to get them to shore and enable them to climb back up the cliff and hang on. And from 28 March, the life rafts have deflated and we've missed an opportunity to make fundamental long-lasting societal changes. We have failed to:

1. **Improve economic and social outcomes by raising the social security rate:** Groups from across society, industries and political perspectives (including the BCA) have long called for an increase in social security for people who need it and for the benefit to the economy overall. We saw an increase during COVID, but as of 1 April, social security rates were dropped by $50 in real terms. The current $44 a day is below the poverty rate and well below half the minimum wage. Opportuntiies were also lost around amending elgibility (e.g. if we're serious about helping women escape violence, we need to consider removing partner-based means testing).
2. **Help increase affordable, stable and secure housing:** Having somewhere safe, affordable, stable and secure to live is well established in evidence to be the foundations of other life outcomes. Before COVID we already had high rates of homelessness, as well as housing affordability issues. We're now seeing increasing rent pressures and more housing financial stress. The Government is proposing to provide $782.1 million over four years from 2021-22 in the areas of "home ownership, support jobs in the residential construction sector and enhance housing data". Of the $782.1m, *almost all of it* ($774.8m) is for the extension of the HomeBuilder program. There is no adequate social or affordable housing response.
3. **Improve digital inclusion as an enabler for full participation:** The Digital Economy Strategy is important, but it's only relevant for people who are digitally included. At the last count, around 2.6m Australians did not use the internet and the digital exclusion index demonstrates ongoing challenges. How do they access the digital economy? This is also important given the push in the budget to see more government services moved online, with $15million dedicated to myGov alone.
4. **Address unemployment from a holistic perspective:** The emphasis on job creation will only work if there are adequate supports in place that allow people to gain and maintain jobs - such as community connections, supports, affordable and appropriate housing, responsive and accessible healthcare, digital inclusion and adequate social security. We have a serious challenge in ensuring that employment solutions don't leave people behind, especially the longer term unemployed. We also have a significant numbers challenge: The latest ABS Labour Force figures in March 2021 (before JobKeeper ended) reported 778,100 people unemployed (5.6%; youth unemployment at 11.8%). Those 778,000 people were competing for only 288,700 job vacancies (as at Feb 2021). If we add the over 1m people who are underemployed (7.9%; who have a job but want and are available for more work) and the 1.5m who came off JobKeeper on 1 April to the existing JobSeekers, simple maths will tell you that there are a lot of people competing for a very small number of vacancies. The topline figure on unemployment also masks the growing problem of *under*employment.
5. **Support the industries that make Australia stronger, fairer and a great place to live**: There was some important recognition and support for industries and businesses who have been and continue to be affected by COVID (e.g. tourism, aviation and asset write-off tax breaks) and some redressing of issues that are at the heart of public concern - like safety of women (however, there was very little in the way of preventive measures or funding needed for emergency and affordable housing so they have somewhere safe to go) and aged care. But missing amongst these groups are some that are critical for our longer-term recovery and creating the kind of society many want to live in.

Here are urgent issues the public have been loudly calling for that have been a missed opportunity in this budget:

- Climate change and the environment
- Black Lives Matter movement and closing the gap / genuine funding for First Nations
- The importance of migration and migrants to Australia's history, present and future (e.g. support for people and industries that rely on international workers, migration and students and foreign aid).
- Our for-purpose organisations who during COVID had increased demands and decreased revenue and who are critical to build the society we want and need for a brighter, cleaner and fairer future (see CSI & SVA's Partners in Recovery series).

The emphasis on job creation, addressing aged care quality and safety and women's safety are strongly welcomed. But we have missed the opportunity for some fundamental shifts to society. As a country, we found ourselves teetering on the cliff edge with some people who had already fallen off it and were adrift at sea during COVID. We weathered the storm and (proudly) provided the life rafts to those who most needed them. But the life rafts have deflated and we've missed a real opportunity to provide the ropes and levers to shift society in a way that will enable people to climb back up the cliff edge. And, I fear, that there will be more who will fall off it in the months to come. We have missed an opportunity to find and use the moment to not just weather the storm, but redefine and rechart our future.

A recovery of GDP does not mean that social inequalities no longer exist

Dr Megan Weier

Once again, in this budget we have seen a returned focus to strengthening Australia's GDP and reducing national debt. Recovery from the pandemic is defined through reducing the unemployment rate, incentivise business to create more jobs, and implement tax cuts for low and middle income earners to support job growth. A focus on reducing unemployment, particularly for the primary purpose of improving GDP risks ignoring or erasing the pressing social needs of Australians who are not employed, under-employed, or middle-income earners.

Measures such as increasing the JobSeeker/Newstart rate had immediate positive impacts for people without work. An emphasis on employment over welfare can oversimplify the necessary basics required to hold a job: stable housing, good health, reliable transport, and suitable work within a suitable commuting distance. Reporting on GDP and unemployment alone cannot tell us whether the Budget is adequately responding to Australian's basic human needs, foundations of wellbeing, and opportunity for growth and connection.

The Australian Social Progress Index shows that, in 2018, some of the poorest outcomes across Australia were in access in information and communication, shelter, environmental quality, personal freedom and choice, and inclusiveness. Addressing these social problems doesn't require just targeted spending – it requires funding for programs and policies that actually improve social outcomes. The Budget's additional spending on preschool education, women's safety, and improving veteran support can address some of these gaps. However current project spending is minimal compared to supporting economic recovery. We must assume that in a pandemic, without targeted support, social inequalities will only become further entrenched. The Budget acknowledges that we are not through the pandemic yet, so vulnerable and marginalised groups should continue to receive additional support. Instead, business, infrastructure, and a 'gas fired recovery' have received priority.

Mental Health gets a shot in the arm, hospitals left behind

Professor Gemma Carey & Associate Professor Graham Brown

There were significant investments in a range of areas of health (particularly aged care) that redress important shortages and issues. Before outlining these, we draw attention to the missing headline in the budget regarding health – which is the absence of public hospital funding. Despite being in a pandemic, the budget offers little systemic investment in the health sector as a whole. In the budget there are *no new funds* for our struggling public hospital system (outside of a small investment in Tasmania and the Northern Territory). This is despite the cracks COVID revealed in our hospital system.

In better news, the budget included major investments in aged care, with $17.7 billion over five years to transform the aged care system to ensure it delivers high-quality services for older Australians and their families, now and into the future'. A large focus on keeping aging Australians at home, and out of the aged care system.

The budget makes large investments in mental health ($2.3 billion), which has been an under resourced area for decades, particularly in the needs of veterans. This is welcome news, but given the increased demand on mental health over the past 18 months due to COVID, and predictions that the full impact of COVID on mental health presentations may yet to be realised, this investment in mental health has a significant role to play. Speaking of COVID, COVID-19 Vaccines are being funded to the tune of $1.5 billion, yet no funds have been earmarked for the rollout of the vaccine program. This is concerning given the delays seen in recent months.

Tele-health services that were launched during the pandemic will stay in place throughout 2021. These services have proven to be important for people in remote and regional areas, as well as people with disability, who cannot easily access health care or specialists. There was also evidence of increased access to mental health services via telehealth. Ideally, we would see Telehealth supported on an n-going basis. While telehealth is not the solution to all health service access issues for all circumstances, it has shown to be a major contributor. While in place, Telehealth consults have accounted for 36% of all services provided in April 2020 (compared to 1.3% prior to the pandemic). At the end of April 2020, the ABS reported that 1 in 6 people (17%) used a telehealth service, and persons with a chronic or mental health condition were twice as likely to have used a telehealth service compared to those without such conditions (25% vs 13%). While tele-health supports are only in place until the end of 2021, myHealth record (which has been widely criticised from within the health sector), is receiving a boost of $421.6 million over two years. Arguably, this is not the best use of funding regarding digital resources in health given the gains made by the expansion of tele-health, particularly among those with complex health issues or vulnerable to dropping out of sustained health care.

The National Disability Insurance Scheme

Despite significant political debate over 'cost-blow outs' in the NDIS, the Treasurer committed to 'fully funding the NDIS'. $13 billion has been put towards the scheme, in addition to the ongoing commitment of $20 billion a year. However, this is not all good news for people with a disability. Changes to the architecture of the Scheme put forward in recent weeks point to a concerted effort to constrain the number of people eligible for, and accessing, the Scheme. The use of Independent Assessments and what is being called 'robo-planning' (i.e. introduction of automated planning) has been signaled by Minister Reynolds as a cost containment measure. In the budget, we see significant investments in digital platforms, reflective of this change, with $10 million to the digital transformation agency alone, and $3.2 million to the Digital Technology Taskforce.

Housing and Homelessness

Chris Hartley

The Federal Budget brought welcome news with the provision of $124 million over 2 years to reinstate the Equal Remuneration Order (ERO) supplementation for homelessness services within the Housing and Homelessness Agreement (NHHA).

The 2020 Federal Budget did not include funding for the Commonwealth component of the ERO beyond June 2021. Previously the Federal Government had not guaranteed security for this payment indicating that it would not be retained as the Commonwealth does not directly fund homelessness services (which are jointly funded by states and territories with the Commonwealth under the NAHA).

This would have equated to a cut to homelessness services of $56.7 million nationally and $7.5 million in NSW. (Homelessness NSW, 2021). Peak homelessness agencies estimated that the loss of the supplement would have led to the loss of over 500 workers in specialist homelessness services, increasing the current high rates of client turn away. (Homelessness Australia, 2021).

Social and affordable housing
The Federal Budget was a lost opportunity to significantly invest in social and affordable housing, with no measures or additional funding announced.

This was particularly disappointing given the current housing and homelessness crisis.

Prior to COVID-19 the demand for social housing was significant with considerable waiting lists for applicants (up to 10 years in some locations). In 2020, there were 148,500 households on a waiting list for public housing, with additional numbers of people waiting for community housing. (AIHW 2020). While recent research has highlighted that income support payments and eviction moratoriums meant the COVID-19 pandemic triggered no immediate increase in homelessness (Pawson, Martin 2021). However, with their removal there is considerable concern the number of people experiencing homelessness will significantly rise.

At the same time Federal spending on social and Indigenous housing has steadily declined with a 12 per cent drop between the 2017-18 budget to the 2021-22 budget (Everybody's Home 2021).

In addition to having a considerable impact on reducing homelessness, investment in social housing would have significantly boosted Australia's post-pandemic economy. A recent Equity Economics report found Government investment of $7.7 billion in social housing would boost the post-pandemic economy by $18.2 billion and create 18,000 jobs a year over four years. (Equity Economics 2021).

Housing measures announced in the Federal budget were targeted almost exclusively around home ownership. The key measures announced were:

- The establishment of the Family Home Guarantee to support single parents with dependents to enter, or reenter, the housing market with a deposit of as little as 2 per cent
- Extending the First Home Loan Deposit Scheme to allow eligible first home buyers to build a new home or purchase a newly constructed home with a deposit of as little as 5 per cent.
- Domestic and family violence – accommodation and frontline service investment
- The Federal Budget did provide some limited funding to support the victims of Family, Domestic and Sexual Violence (FDSV). This includes
- $261.4 million over two years from 2021/2022 to establish a new National Partnership to expand the funding of frontline FDSV support services
- $164.8 million over three years to provide financial support of up to $5,000 to women fleeing a violent relationship
- $29.3 million to support refugee women, other migrant women's safety and social economic inclusion
- $26.0 million over four years to better support Aboriginal and Torres Strait Islander women and children who have experienced or are experiencing family violence.

Education: Prioritising disadvantaged students and families

Dr Meera Varadharajan

Early childhood education and care (ECEC)
Early childhood education and care (ECEC) and early learning environments, such as pre-schools, provide the foundation for learning throughout school and beyond. We welcome the additional $1.7 billion funding for childcare services over the next five years. This means that, effective July 2022, childcare subsidies will increase from 85% to 95% for low and middle-income families, cutting out-of-pocket costs for families. In the budget statement, it was announced that 250,000 families would "be better off by an average of $2,200 each year" and it would give more parents, especially women, the choice to take on extra work. In addition, the funding for pre-school services, to the effect of $2 billion over four years, supporting access to all children for at least 15 hours of quality learning in preschools is welcome. It means more children can afford

and access pre-schools where they live (providing states and territories meet the targets set out in the budget).

Affordable and accessible early childhood education services will also encourage women, as second income earners, to work and stay in the workforce for longer periods. This in turn will boost the overall income of families and households who will have more take-home pay to spend. There are some missed opportunities which could have seen the government build jobs, training and support women in the workforce. For example, investing in the predominately female early education workforce.

School education
We welcome the Commonwealth funding investment of $23.4 billion in 2021 for all schools. Funding for schools and school education is an essential long-term investment, benefitting Australian future workforce and our society. The investment of a further $16.6 million to assist Aboriginal and Torres Strait Islander students access boarding school service is welcomed.

Lifting the standards of our initial teacher education students is important to improve student outcomes in literacy and numeracy. The further investment of $4 million in the Literacy and Numeracy Test for Initial Teacher Education Students will assist this. However, it is important to note that these tests can be discriminatory towards certain groups of students (e.g. those with a disability, learning disorder, non-English speaking backgrounds).

Higher education
The higher education sector (including TAFE) was left in the cold in this budget, despite the fourth largest export industries in the country (at 31%). There is a 8% decrease in spending in higher education in real terms. This comes on the back of the exclusion from JobKeeper in 2020. While the government has said there are 30 000 new places in the budget, these are for short courses not for full degrees. The budget states that measures have been taken to support the 'worst hit industries', yet higher education, which lost $1.8 billion and 17000 jobs in 2020, remains unsupported. A further loss of $2 billion (5.5% of revenue) is projected for the sector in 2021. With international borders expected to be shut for 2021, the sector is in serious danger. Education and research are the backbone of a progressive society, and strong recovery from the pandemic.

The First Nations Budget: A lot to look at but little new money going around.

A proud Wiradjuri man, James Blackwell is a Research Fellow in Indigenous Policy

At first glance, while there are some new and exciting expenditures for First Nations people in this year's budget, much of it is financial recycling. The budget fails to tackle the systemic issues facing our communities, to address the long-term issues we face, or to seriously work towards Closing the Gap on First Nations disadvantage.

At least $185 million has been dedicated to new and refurbished housing in remote communities in the Northern Territory; an issue that has been campaigned for over many years. There is an increase to *the Indigenous Visual Arts Industry Action Plan*, and $11.6 million towards expanding the number and size of *Indigenous Protected Areas*, including on Sea Country. There is also $79 million being spent towards the *National Aboriginal and Torres Strait Islander Suicide Prevention Strategy*. All of these, plus quite a few more not mentioned here, are good things for First Nations people and communities, and all represent genuine new expenditure for us. Another thing specifically worth mentioning is the $111 million allocated to replace the *Community Development Program* (CDP) with a new *Remote Jobs Program*. The CDP was a much maligned and highly controversial "Remote Work for the Dole" initiative, which did not achieve the objectives the government sought, and it was not particularly popular in communities (Jordan, 2018). It is good news that the Government has ended the CDP, and paused mutual obligations while it revamps it, but it remains to be seen what form the new program takes, and whether the *Remote Jobs Program* is significantly different to the CDP.

Closing the Gap remains an uncertain possibility, with it left out of the budget entirely. There has been no new money towards Closing the Gap since the initial $45 million announced in the middle of 2020, including no money in the 2020 Budget (Blackwell, et. al, 2020: 5-6). Without a commitment to dedicated funds for progressing towards the targets they are unlikely to be achieved, and leaves the Government open to critique that they are ignoring the serious issues faced by First Nations communities.

Overall, Indigenous health funding increases by less than 2% this financial year, while decreasing by more than 8% over the forward estimates, while the life expectancy gap remains at around 7-15 years between Indigenous and non-Indigenous people (Australian Bureau of Statistics, 2018).

First Nations legal assistance services has received no additional funding in this Budget, nor did the recently announced *National Justice Policy Partnership*. Increased protections for Indigenous heritage protection under the *Environment Protection and Biodiversity Conservation Act* received just $0.5 million. While there is $128.4 million for an *Indigenous Skills and Employment Program*; $63.5 million for expanded places in Indigenous girls academies (a pleasant backflip on the 2020 Budget's gutting of these programs), and $5 million for grants to improve the food security of remote communities. But while giving the impression of being much needed spending on First Nations people and communities, very little of this is new, but rather repurposed IAS funding.

Employment, unemployment and underemployment

Dr Jeremiah Brown and Dr Jack Noone

Employment and Social Security Policy in the Budget

We have heard many times in recent years that the best type of welfare is a job, and in this budget the lion's share of the investment in social security and employment is about getting people into employment. Notably, the majority of funding is targeted at service providers and subsidising wage costs for businesses, rather than directly putting the money into boosting the income of prospective workers or the unemployed.

The Government has highlighted some specific groups who have fared particularly poorly in the labour market as the economy has started to recover from the pandemic. Those groups are:

1. Women
2. Younger workers
3. The long-term unemployed

The decision to actively prioritise employment outcomes is a welcome one. The majority of the employment measures are filtered directly through business, rather than directly to employees (or potential employees). Rather than boosting the wages of employees, the majority of payments will subsidise wage expenses for business. That means the policies rely on how businesses respond to them, rather than directly empowering the impacted groups. With low wage growth being a persistent issue in the Australian economy over the last decade, this represents a missed opportunity to boost the real wages of workers.

Support for Women

Women are supported in the new budget through increased funding to a number of employment related initiatives. The largest item in the budget for women is the $1.7 billion dollar increase to childcare subsidies for families with multiple children. While this money is welcome, and will help support more women (and men) returning to the workforce, it's far less than what childcare advocates and economists have been arguing is needed (it is also funding that will benefit men with children too). There has been increased funding to improve the number of women working in STEM, through the Women in STEM Program which co-funds scholarships for women in STEM in partnership with industry – for a total of $42.4 million over seven years. Other programs which received increased funding as a way to boost women's employment include the Mid-Career checkpoint program, and the Career Revive program, which both aim to support women returning to the workforce. It is notable that the Career Revive Program is an extension of funding to KPMG to 'advise' businesses on how to attract women, rather than a program that directly works with women. To help support young women into finding diverse careers there has been $12.2 million in funding announced for the National Careers Institute to support projects that facilitate career pathways for women.

Support for Younger Workers
Support for younger workers has been boosted through multiple budget measures with an emphasis on training and skills, outside the higher-education or TAFE sector. The most direct policies include the $2.7 billion announced over four years for the extension and expansion of the Boosting Apprenticeship Commencements wage subsidy. The subsidy is a 50 per cent subsidy paid to companies for the wages of new or recommencing apprentices for a 12-month period (up to a maximum of $7k per quarter). In addition to wage subsidies, funding for job training of various kinds has been increased. JobTrainer has been extended with funding for 163,000 further free or low-fee training places in areas of skills need. Additional funding was also announced for the Digital Skills Cadetship Trial – with an expected 460 new scholarships to be awarded through the program.

Support for the Long-Term Unemployed
The funding announced to support the long-term unemployed back into work is largely oriented towards wage subsidies. The core funds are the $15.6 million announced for increased wage subsidies for the Jobactive, Transition to Work, and ParentsNext program. These subsidies will be for $10k for each person up to 30 June 2022, with the subsidy then shifting to align with the New Employment Services Model where the payments will be up to $10k.

General Employment Support
In addition to the targeted measures mentioned above, some of the employment assistance being offered covers the wider economy. One of the key initiatives for the wider economy is the Local Jobs Program, which provides local level assistance and expertise for job seekers to help connect them with employment, reskilling and upskilling opportunities. $213.5 million is being invested to extend and expand the program to all employment regions across Australia. As part of the $110 billion 10-year infrastructure pipeline, additional expenditure was also announced in infrastructure, housing and the engineering construction sector, with the budget estimates stating that the funding will now support a total over 30,000 direct and indirect jobs across the project.

An example from the aged care sector
The aged care sector provides a pertinent example of the employment issues that Australia faces. The sector is desperately in need of skilled workers and the government has established 33,000 new training spaces. However, the sector relies heavily on migrant workers to fill these positions and they are no longer able to enter the country. This means that there are not enough workers to support older people in residential and community care settings. Of course, this means that older people suffer, and we have seen evidence of this in the Royal Commission.

Related to the supply-demand issue of workers is one of remuneration. Positions in the aged care workforce have historically been low, despite the wide range of personal and practical skills needed to care for older people. It is difficult to see how Australia can increase its aged care workforce without paying people a wage that matches the demands of the job.

It is not uncommon to hear comments such as "the jobs are there, people just have to move the work is". But this can't be considered in isolation; we think there are at least three points to consider here. Firstly, it is expensive to move, and the people that are facing this decision are unlikely to have significant disposable income. While the Government has expanded the relocation grant for JobSeekers moving to regional areas up to $6,000, individuals need to foot the greater portion of the bill and are then reimbursed, placing significant pressure on making sure that the new job works. Second, we are asking people to shift away from their social networks and support, which we know are important for people's health and wellbeing. Third, in the COVID-19 era, there is no guarantee that any given position will remain open, or for how long the role will remain as an insecure employee. Although jobs in the aged care sector may be "relatively safe", this is not true of other industries such as hospitality, service and seasonal work. With JobKeeper no longer in place, people who have moved for work only to find themselves out of a job, are extremely vulnerable.

Tax and Social Security Changes

Dr Jeremiah Brown

In addition to the direct employment policies, there were a number of announcements related to household finances, welfare and social security support. A variety of social security reforms were announced which are expected to make life harder for current support recipients, and other changes which were announced will limit people from accessing social security support.

The headline announcement was the continuation of personal income tax cuts to support more than 10 million low- and middle-income earners worth a total of $7.8 billion. While these tax cuts will reduce pressure on households which may have increased debt burdens through the pandemic, the decision to leave in high income tax cuts that will come into effect in 2024 means that those most capable of helping to pay for the increased expenditure this year will see a reduced bill in the future.

One of the key measures announced was the introduction of the New Employment Services Program which will replace the current system from 1 July 2022. The new system will see the introduction of an initial Online Employment Services payment access system, and job-ready job seekers will be expected to self-manage their job search on a digital platform. There are also stronger mutual obligation requirements which have been announced for those receiving JobSeeker. The strengthened mutual obligations have been framed as 'providing better support for job seekers', but advocates have already noted that they will make obtaining employment more difficult for recipients, and the changes linked to the shift to an online system are expected to delay access to payments as they will not receive backpay to the date of application like they do in the current system. The various reforms to social security support funding and mean that there will be an overall reduction in employment services expenditure of $352 million over the next four years.

In addition to reforms to JobSeeker access, the budget also included the announcement of a four-year Newly Arrived Resident's Waiting Period which has been imposed across most welfare payments from 1 January 2022. The waiting period will limit access to social security for recently arrived Australian migrants. The widely criticised Cashless Debit Card received an undisclosed amount of additional funding to support the continued rollout of the program, and the collection of long-term data associated with the program.

In addition to the above changes, it is important to note the missed opportunities to make improvements to social security. With social security support making up the primary source of income for around 22 per cent of Australian households, the rate of support is an important factor in Australian wellbeing. Despite widespread calls to increase it, the base rate of payment for JobSeeker remains well below the Henderson poverty line at $620.80 for a single person with no dependents, and $667.50 for a single person with children. The Coronavirus Supplement and increased rate of JobSeeker through the last year had a profound impact on the financial situation of many low-income households, and increased the average income for households in the bottom two quintiles in the June 2020 quarter. For many of those households, the increased rate of payment meant that people could eat three meals a day, eat more nutritious food, and pay off debts that had been acquired. It also boosted the economy by directly injecting more cash into the economy. Committing to a substantive increase would support both those households and the continued economic recovery.

It will be some time before the borders open to migrants and some of the changes seen in the budget may actually deter many from coming at all. Therefore, we need to act fast, putting ourselves in the shoes of job seekers who are unemployed and underemployed. What would they need in order to fill positions in areas of need, and what kinds of incentives would encourage them to join those sectors?

While there's a clear emphasis throughout the budget on driving down the unemployment rate, there is no explicit discussion of handling underemployment which has been an issue for the Australian economy over the last decade. Similarly, there are also a dearth of policies targeted at increasing wage growth. In turn, it's expected that while unemployment will fall as a consequence of the policies presented in the budget, that there will be issues for many lower income households which will face declining real wages. Moving forward, it will be important to address these issues to ensure that the economic recovery benefits all Australians, not just those fortunate enough to access a stable, secure and well-paying form of employment.

What about climate?

Despite the worst bushfires in Australia's history barely a year behind us, the budget was light on for climate and environmental investment. Most budget measures are targeted at disaster management, rather than tackling the cause of those disasters – climate change.

$480 million has been put towards climate measures. However, they do little to tackle rising emissions (e.g. there is no investments in new technologies). Funded initiatives include $29.3 million towards environmental law reforms, though which laws and how these will impact the climate crisis are unclear. There is $11 million for recycling, but nothing that would help reduce waste. $58 million goes to natural gas, which is associated with higher environmental impacts than renewable energy.

The highlight of the budget for those concerned with climate and environmental damage is the new $209.7 million to start up the 'Australian Climate Service', which Minister Ley says will bring together Australia's best scientists. This is a welcome investment, but it needs a commitment to act on the recommendations of climate scientists (including investment in renewable energy).