



Australian Government

Department of Education, Skills and Employment

**Deputy Secretary
Nathan Smyth**

Key measures in the 2020–21 Budget

Dear Chief Executive Officer

I am writing to you about important decisions made by the Australian Government as part of the 2020–21 Budget.

The Government has announced a range of targeted measures as part of the 2020–21 Budget that support businesses to keep them operating, and keep Australians in work or help them into new jobs or training pathways. The measures also ensure that employment services are well placed to respond to the pressures of COVID-19 and harness opportunities from emerging technology to build an employment service model fit for the future.

The Government has also announced measures that adjust a range of policy and program settings to further support providers to help people in need, as well as initiatives that will drive local solutions and help specific cohorts at risk of being left behind, such as young people.

As employment and related services providers, you will have a central role in delivering many of these initiatives, or will have a direct interest in them. You can find information about these measures attached to this letter, with more detail available on the Department of Education, Skills and Employment website (www.dese.gov.au/budget).

I look forward to discussing these and other matters with you at the virtual CEO Forum scheduled for Monday 12 October.

Yours sincerely

A handwritten signature in black ink, appearing to be 'N. Smyth', written in a cursive style.

Nathan Smyth
7 October 2020

A new Gateway for Assessing and Referring Job Seekers to Employment Services

The Government is investing \$20.7 million over four years to improve employment service delivery arrangements for job seekers.

This measure will simplify the income support claiming process, reduce the time it takes and improve the process for job seekers to start receiving the employment support they need to find a job. It will also ensure job seekers are more efficiently and effectively referred to employment services, through a new, automated referral process.

The new process is more efficient than both the pre-COVID-19 arrangements and the interim solution put in place to deal with the impacts of the pandemic. It will ensure the process to register and connect people to employment services is sustainable and able to accommodate a high number of job seekers.

It will also include protections for vulnerable job seekers who need upfront intervention from Services Australia when claiming income support. Job seekers who cannot complete the process online will be assisted by Services Australia who will conduct a telephone or face-to-face assessment of the job seeker's circumstances and refer them to appropriate services.

Supporting job seekers accessing Online Employment Services

As announced to providers in July 2020, the Government has agreed to advance the Online Employment Services (OES) system to support the digital servicing of job ready job seekers. This investment builds on the Online Employment Services Trial that started in 2018 and builds towards the new employment services model due to commence in 2022.

Online servicing recognises that many job ready job seekers can self-manage their path back into employment. This means providers are able to focus their efforts on those job seekers that are identified as more at risk of becoming long term unemployed and who need more support to get a job.

The Government has announced investment of \$183.1 million to support enhancements to the services available in the OES such as support for job seekers to upskill or reskill through subsidised training, skills matching tools and support to connect to complementary programs.

As part of this investment, the OES job seekers will have access to an expanded Digital Services Contact Centre and new safeguards that will help to identify job seekers for whom provider services may be more appropriate. Job seekers who have been unsuccessful in finding employment will be referred to a provider after a maximum of 12 months in the OES. Those who undertake study or training can remain in the online platform for up to six months after the completion of their course, even if this takes them beyond 12 months.

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Job seekers with earnings from work will also remain in the OES. Job seekers can choose to opt out of online services at any time and be referred to a provider.

New Employment Services Model Digital Employment Services Platform

The Government will transform employment services by harnessing the benefits of technology and online servicing to support the delivery of the New Employment Services Model.

The Government will invest \$295.9 million over four years to develop and deliver the New Employment Services Model digital employment services platform. The new digital platform will help transform the delivery of employment services in Australia by:

- Allowing more support from employment services providers to be re-directed to helping the most disadvantaged job seekers who need higher levels of tailored assistance to move into employment.
- Assisting job seekers through offering smart and easy online services that will harness sophisticated technologies to create a more personal and flexible online service.
- Delivering better connections for employers to job seekers, by supporting pre-screening and application validation, easing the administrative burdens of recruitment and decreasing the time it can take to fill vacancies.

Sustainability of the Employment Fund

The Government is supporting the job readiness of jobactive participants by providing a further \$35.8 million injection to the Employment Fund in 2021-22.

From 1 July 2021 to 30 June 2022 all new job seekers who commence in jobactive with a provider will continue to attract higher Employment Fund credits, as has been the case since 1 July 2020.

The value of Employment Fund credits was increased in the 2019-2020 Budget for the first year of the jobactive contract extension and this measure maintains those values throughout the second year of the contract extension as follows:

- Stream A job seekers will continue to attract an Employment Fund credit of \$375
- Stream B job seekers will continue to attract an Employment Fund credit of \$1,100
- Stream C job seekers will continue to attract an Employment Fund credit of \$1,600.

Making PaTH Internships demand driven

From July 2020, the funding for Youth Jobs PaTH (PaTH) Internships became demand driven, replacing the previous capped funding arrangements. PaTH Internships now have a notional Budget allocation to support 10,000 places per year, but this can be scaled up to meet demand.

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This aligns the funding arrangements for PaTH Internships with the other elements of the Youth Jobs PaTH (Employability Skills Training and the Youth Bonus Wage Subsidy) which are demand driven.

This measure ensures the program has the flexibility to meet demand from young people and host businesses, including an expected increase in take-up arising from the PaTH Industry Pilots and the recently announced PaTH Business Placement Partnerships.

Capped Wage Subsidy Pool

From 1 July 2021, a new annual funding cap of \$18.3 million will be introduced for the Capped Wage Subsidy Pool to ensure that the available funding is better aligned with program expenditure.

The Capped Wage Subsidy Pool is the funding source for providers of Disability Employment Services and ParentsNext to offer financial incentives to employers who hire eligible people in ongoing work, including Indigenous Australians, parents, long-term unemployed job seekers, mature age people, and young people aged 25–29 years.

This measure improves the efficiency of the Capped Wage Subsidy Pool by adjusting its future funding to better reflect actual usage. This measure does not impact wage subsidies in the Employment Fund.

Relocation Assistance to Take Up a Job

The Government will invest \$17.4 million to help job seekers relocate for ongoing work or to temporarily relocate to take up short-term work in the agriculture sector.

Under this measure, the 12-month waiting period for the Relocation Assistance to Take Up a Job program will be temporarily removed so that all participants in employment services will be immediately eligible. This change for those taking up permanent work will take effect from 1 December 2020 to 31 December 2021.

This measure also modifies the program, so that Australians, including all job seekers participating in employment services, and those not on income support (such as grey nomads and domestic students), will be eligible to claim a reimbursement of up to \$6,000 when they relocate to harvest and regional areas to take up agricultural work of at least six weeks duration. Those who have a right to work in Australia (including Working Holiday Makers and international students) will be eligible to claim up to \$2,000. This change will operate from 1 November 2020 to 31 December 2021.

Faster Connections and Greater Support for Young People

The Government will invest \$21.9 million in three initiatives for young people aged 15–24, helping early school leavers connect to services more quickly and providing specialist youth assistance to young job seekers in online employment services.

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- Initiative 1: Helping Disengaged Young People Access Transition to Work (TtW) provides young people with rapid access to the youth specialist TtW service, by reducing the current 13 week waiting period which applies to early school leavers who are not in receipt of income support and who are disengaged from work and study (from 1 January 2021 to 30 June 2022).
- Initiative 2: Transition to Work Sessions to Help Young Online Job Seekers will provide young people receiving online employment services up to three advisory sessions with a TtW provider. These sessions will deliver tailored support to the young person, such as interview preparation assistance, career advice, or help to connect with education, training or support services (from 31 March 2021 to 30 June 2022).
- Initiative 3: Online Job Search and Soft Skills Training will provide young people with access to online learning modules that will help them develop skills and succeed in the labour market (from 31 March 2021 to 30 June 2022).

Reducing the risk of long-term unemployment in NEST Trial Regions

The Government will invest \$6.5 million in the New Employment Services Trial (NEST) to increase support for job seekers who are at risk of long-term unemployment. NEST participants in the online service who were already unemployed before COVID-19 and who remain unemployed, will be referred to a NEST Enhanced Service provider for access to more intensive, tailored assistance.

The COVID-19 pandemic has had a significant impact on the labour market and economy, with the digital service caseload in the NEST regions increasing fivefold, from about 6,500 to more than 34,000 job seekers.

COVID-19 also occurred in the early stages of the NEST implementation and many of the intended support mechanisms for participants within the NEST digital platform were not yet fully implemented. These job seekers will have quicker access to a more intensive and tailored service.

Local Jobs Program

The Government has invested \$62.8 million to develop new employment solutions at a local level to support job seekers to quickly move into employment or training following the pandemic. This program is being rolled out in 25 Employment Regions nationally and will run until 30 June 2022.

The program assigns an Employment Facilitator to each Employment Region to work with employment service providers, employers, training groups and the various levels of government. Each Facilitator will chair a new Local Jobs and Skills Taskforce to help bring key stakeholders together to develop a Local Jobs Plan for each region.

Importantly, Taskforce membership will include employment services provider representatives. All employment service providers in each region will be expected to proactively engage with the Employment Facilitator to better align their activities with priorities articulated in the Local Jobs Plan. Both the Facilitators and Taskforces support local

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stakeholders to create targeted projects and activities that are tailored to meeting local labour needs. Access to program funding will be available from new Local Recovery Funds. Job seekers on the jobactive, New Employment Services Trial, ParentsNext and Transition to Work caseloads in selected regions are eligible to participate in this program.

The department is seeking submissions from organisations and individuals interested in delivering Employment Facilitator and Support Services for the Local Jobs Program in 14 of the selected 25 Employment Regions. The Request for Tender opened on 2 October and closes at 3:00pm on 27 October. For further information, please email the Employment Services Purchasing Mailbox at espurchasing@dese.gov.au or alternately call the Employment Services Purchasing Hotline on 1300 733 514.

ParentsNext

The Government is making changes to the ParentsNext program to better support parents to plan and prepare for employment by the time their youngest child reaches school age. The cost of the measure is \$24.7 million over four years.

From 1 July 2021, the program will be streamlined into one service offering to reduce complexity. Further changes include:

- allowing any Parenting Payment recipient with a child under six to volunteer into the program
- allowing all participants access to the Participation Fund to help them achieve their education and employment goals
- extending education and employment outcome payments to all providers
- extending access to relocation assistance and wage subsidies to all participants.

ParentsNext currently operates via two streams:

- Intensive Stream provides services in 30 locations where a higher proportion of Parenting Payment recipients identify as Indigenous;
- Targeted Stream is delivered to eligible parents in remaining non-remote locations.

The changes which streamline these separate streams into one service, aim to ensure vulnerable parents with young children, mostly women, receive tailored assistance to address their individual barriers to education and employment.

Over the next three years, these enhancements will assist approximately 235,000 parents to participate in ParentsNext, with women expected to represent approximately 95 per cent of all participants.

New Business Assistance with NEIS

An additional \$5.7 million is being invested in New Business Assistance with NEIS. From 15 October 2020, eligibility for New Business Assistance with NEIS will be expanded to allow people with part-time work, study or caring responsibilities to access the program and start their own business.

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From 7 December 2020, owners of existing micro-businesses (with up to four employees) impacted by COVID-19 will also be eligible to access NEIS services and receive support to adapt their business and keep it running.

From 15 October 2020, NEIS provider fees will be changed to align with those of other similar employment services providers. From 7 December 2020, the NEIS provider fee structure will also be amended to better reflect the services being delivered.

Enhanced Support for Veterans Program (additional Exploring Being My Own Boss Workshops)

From 1 July 2021, under the Prime Minister's Veterans' Employment Program, veterans transitioning out of the Australian Defence Force (ADF) and their families will be eligible to access Exploring Being My Own Boss Workshops and NEIS Training while still employed by the ADF.

Extension of the Time to Work Employment Service

The Government will commit an additional \$3.9 million to extend the Time to Work Employment Service (the Service) by a further 12 months.

The Service is a national, voluntary, in-prison employment program for Aboriginal and Torres Strait Islander people that commenced in 2018 and was due to finish on 30 June 2021. To continue servicing this highly disadvantaged cohort and allow time for an evaluation to be undertaken, the current Service will be extended by 12 months to 30 June 2022.

Disability Employment Services Reform – Targeting cohorts most in need

The Government is committed to improving the DES program and ensuring it is fit for purpose, sustainable and meets the objective of improving employment outcomes for people with disability.

From 1 July 2021, job seekers who are capable of working 30 hours or more per week, or who do not receive income support or pension payments will be ineligible for DES. Job seekers ineligible for DES will be actively encouraged to access other mainstream employment services such as jobactive, which already supports more than 246,000 people with disclosed disability. The Government's JobAccess program is also available for job seekers with disability and employers in need of workplace supports, including workplace modifications.

JobMaker Hiring Credit

The Government has announced a new JobMaker Hiring Credit, which will accelerate employment growth by supporting business to take on additional employees who are young

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job seekers aged 16 to 35 years old. This will help young people access job opportunities more quickly as the economy recovers.

The JobMaker Hiring Credit will be available to employers for each new job they create over the next 12 months for which they hire an eligible young person. Employers will receive \$200 a week for 12 months if they hire an eligible young person aged 16 to 29 years or \$100 a week if they hire an eligible young person aged 30 to 35 years. Employers must demonstrate that they have increased their overall employment to receive this payment for a maximum of 12 months for each position created.

To be eligible, a job seeker will have to have received JobSeeker Payment, Youth Allowance (Other) or Parenting Payment for at least one of the previous three months.

It is expected that around 450,000 positions for young Australians will be supported through the JobMaker Hiring Credit at a cost of around \$4 billion from 2020-21 to 2022-23.

Boosting Apprenticeship Commencements wage subsidy

The Government recognises the pressures caused by the COVID-19 induced recession on businesses across the country. In the current environment more support is needed to help employers to take on new apprentices.

The Government will support 100,000 new apprentices through the \$1.2 billion Boosting Apprenticeship Commencements wage subsidy. The Government will pay a 50 per cent wage subsidy for wages paid to businesses of any size who take on new or recommencing apprentices from 5 October 2020 to 30 September 2021 in that period. The subsidy will be capped at \$7,000 per quarter for gross wages.

Skills for Education and Employment (SEE) program additional places

The Government will fund 14,485 additional places in the Skills for Education and Employment (SEE) program to ensure new job seekers who need help with basic language, literacy and numeracy skills will be able to access the training and support they need.

The Government will invest \$49.5 million to fund these additional places. Ensuring job seekers have the necessary foundation literacy and numeracy skills they need to secure a job is a key part the Government's plan to get Australians back into work.

JobTrainer

The \$1 billion JobTrainer Fund is funding up to 340,700 additional free or low-fee training places in short courses and full qualifications for job seekers and young people to reskill and upskill. This training will focus on areas of identified skills need, based on a list agreed between the National Skills Commission and states and territories.

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