



The Coalition's Policy to Increase Employment Participation

August 2013

Key Points

The Coalition believes that every Australian who is capable of working should be in a job, preferably for a wage but if not, for the dole.

Unemployment, especially long-term unemployment, is more than a financial cost to individuals and the community. Unemployment means individuals lose out on the capacity to acquire and develop knowledge and skills, which affects their future job prospects and career opportunities. Long-term unemployment can result in welfare dependence, erode self-esteem and cause real and perceived disconnection from the community.

The Coalition firmly believes that every Australian should be able to be gainfully employed.

Young Australians in particular deserve job opportunities that enhance their skills, develop their knowledge and provide a foundation for promising careers that contribute to their own worth and that of the community.

The problem is that youth unemployment is unacceptably high. The youth unemployment rate is approximately 16 per cent – around three times higher than the national unemployment rate. Approximately 60,000 long-term unemployed are young Australians aged 15 to 34.

The Coalition will provide incentives to help unemployed Australians enter or re-enter the workforce.

We will introduce a *Job Commitment Bonus* payment to encourage long-term unemployed young Australians to find a job and keep it.

Young Australians aged 18 to 30 who have been unemployed for twelve months or more and are on Newstart Allowance or Youth Allowance will receive a \$2,500 *Job Commitment Bonus* if they get a job and remain off welfare for a continuous period of 12 months.

The Coalition will provide a further *Job Commitment Bonus* of \$4,000 to the jobseeker if they remain in a job and off welfare for a continuous period of 24 months.

We will also introduce new measures to help connect jobseekers with jobs to increase workforce participation and boost productivity. We will provide financial assistance of up to \$6,000 for long term unemployed jobseekers if they move to a regional area to take up a job, or, \$3,000 if they move to a metropolitan area.

These are measures that will help tackle long-term unemployment, but will particularly target young Australians who should be encouraged to take a job and who are more likely than older Australians to be able to relocate for a job.



Introduction

Unemployment, particularly long-term unemployment can have a corrosive impact on individuals, families and society.

Leaving people who could readily work out of the workforce for long periods is cruelty, not compassion, particularly for young Australians.

Unemployment is particularly problematic for young people because it means individuals lose out on the capacity to acquire and develop knowledge and skills, which affects their future job prospects and career opportunities.

Long-term unemployment can result in welfare dependence, erode self-esteem and cause real and perceived disconnection from the community.

As the Office for Youth contends:

*"It is important for young people entering the labour market to avoid unemployment, as evidence suggests that initial experiences of unemployment reduce the chances of subsequent full-time work – a phenomenon referred to as the 'scarring effect' of unemployment."*¹

The Coalition agrees that young people should be encouraged to get a job, to learn new skills and to develop a career path that rewards them and the community.

We are determined to ensure that Australia's youth aren't abandoned to a lifetime of welfare dependence and are instead given assistance to become engaged in work if they are capable of it.

We want to build an opportunity society for all Australians where hard work is rewarded.

Getting more Australians into paid employment delivers both economic and social benefits for individuals, families and the community.

Our approach provides a new deal for long-term unemployed Australians, particularly young people, who might otherwise be trapped in long-term welfare dependency.

¹ Office for Youth (2009) *State of Australia's Young People*, p. 45, Available: http://foi.deewr.gov.au/system/files/doc/other/state_of_australias_young_people_a_report_on_the_social_economic_health_and_family_lives_of_young_people.pdf



The Plan

1. A Job Commitment Bonus for Young Australians

The Coalition will introduce a *Job Commitment Bonus* payment to encourage long-term unemployed young Australians to find a job and keep it.

Young Australians aged 18 to 30 who have been unemployed for twelve months or more and are on Newstart Allowance or Youth Allowance will receive a \$2,500 *Job Commitment Bonus* if they get a job and remain off welfare for a continuous period of 12 months.

The Coalition will provide a further *Job Commitment Bonus* of \$4,000 to the jobseeker if they remain in a job and off welfare for a continuous period of 24 months.

This means that young Australians who are long-term unemployed can receive up to \$6,500 under this programme.

These bonus payments will be managed by Centrelink. Bonus payments will be paid directly to the employee at the end of the 12 and 24 month qualifying periods upon suitable confirmation that their employment has been ongoing.

These *Job Commitment Bonus* payments will provide a real incentive to get young, long-term unemployed Australians off welfare and into paid work. Making the payments conditional upon retaining work for an extended period provides a further incentive for those who secure a job to remain employed.

This productivity reform makes economic sense.

The youth unemployment rate is approximately 16 per cent – around three times higher than the national unemployment rate. Approximately 60,000 long-term unemployed are young Australians aged 15 to 34.

Young Australians in particular deserve job opportunities that enhance their skills, develop their knowledge and provide a foundation for promising careers that contribute to their own worth and that of the community.

Our policy will boost workforce participation and productivity, provide an incentive for young people to find and keep a job, and it will make our communities stronger by providing more young people with greater engagement in productive work and their communities.



2. Relocation Assistance to Take Up a Job

The Coalition will introduce new measures to help connect jobseekers with jobs to increase workforce participation and boost productivity.

Many jobseekers find themselves living in areas with high levels of unemployment and far away from new job opportunities. This, combined with high moving costs, causes many jobseekers to give up on taking up a job that they could ordinarily fill because they are simply too far away.

The Coalition will offer long-term unemployed Australians real financial help to relieve the costs of relocation so that they can get to where the jobs are.

We will provide financial assistance of up to \$6,000 for long-term unemployed jobseekers if they move to a regional area to take up a job or \$3,000 if they move to a metropolitan area.

This relocation assistance will only be available to long-term unemployed jobseekers who are receiving Newstart or Youth Allowance. People relocating between capital cities or within capital cities will not be eligible for the payment.

These relocation payments will be available through Centrelink.

The Coalition understands that relocation is even harder for jobseekers with families. Therefore, families with dependent children will be provided with an extra \$3,000 to help cover the additional costs of relocation.

Payments will be made, in advance if necessary, to meet the actual costs of relocation, including up to two months' rent in advance. Centrelink will manage the relocation payments in liaison with the jobseeker.

The Job Services network will be responsible for making suitable employment offers to the jobseeker, and will also be responsible for connecting the jobseeker with permanent employment in the new location.

Our relocation incentive will help tackle long-term unemployment, but it will particularly target young Australians who should be encouraged to take on a job and who are more likely than older Australians to be able to relocate for a job.



The Choice

Australians have a choice between a Coalition government with a proven track record of getting people into jobs, or a Labor Government that has turned a blind eye to welfare dependency and punishes those who want to get ahead.

The Coalition introduced Work for the Dole and, over the life of the Howard Government, the unemployment rate was halved in trend terms from 8.4 per cent to 4.3 per cent. Under the Coalition, job seekers undertook a mutual obligation activity after 6 months unemployment.

Under Labor, unemployment has gotten worse:

- the number of unemployed has increased by 204,000 since November 2007;
- one job in manufacturing has been lost every 19 minutes since the start of 2008 under Labor;
- the number of unemployed is up by 70,000 from June 2012, directly before the carbon tax was introduced;
- in May 2011, Labor promised to create 500,000 new jobs over two years – but they missed that target by well over 200,000 jobs;
- Labor also promised in this year's Budget that they would deliver "jobs and growth," yet the Pre-Election Economic and Fiscal Outlook says unemployment will increase from 5.7 per cent currently to 6.25 per cent by the middle of next year. An unemployment rate of 6.25 per cent would be the highest level since September 2002; and
- over 700,000 Australians are out of work, the highest number in almost 15 years – and on the Government's own forecasts this number will rise to almost 800,000 by June next year.

Australians deserve a lot better.

Under the Howard Government, the unemployment rate halved and the number of Australians without a job fell by over 260,000. Jobs and wage growth were strong. Confidence was high.

The Coalition is ready to help unemployed Australians, particularly young and long-term unemployed, find a job and stick with it.



We will create a stronger economy that generates two million new jobs over the next decade. We will do so by abolishing unnecessary taxes (like the carbon tax), cutting red tape costs by \$1 billion a year, ending government waste, lowering the company tax rate, and providing incentives for individuals to achieve their potential.

Cost

The Coalition's *Policy to Increase Employment Participation* will commence from 1 July 2014 and will cost \$75 million.

In accordance with election costing rules in the Charter of Budget Honesty, this figure makes no allowance for any positive impacts on overall employment from the Coalition's participation measures – positive impacts which would generate offsetting savings to taxpayers from reduced benefit payments and higher taxation revenues.

Nevertheless, the Coalition is confident that, by boosting the job readiness of the unemployed, while also providing growth through lower taxes and our comprehensive economic plan, positive impacts on total employment will be achieved.





Hope.
Reward.
Opportunity.



THE NATIONALS *for Regional Australia*

For further details of the Coalition's Plan go to
www.realsolutions.org.au