

Senate Standing Committee on Education and Employment

QUESTIONS ON NOTICE Additional Estimates 2016 - 2017

Outcome 1 - Employment

Department of Employment Question No. EMSQ17-003983

Senator Marshall provided in writing.

Question

MYEFO changes to wage subsidies

The Treasurer said to the Australian at the announcement in the MYEFO update to cut wage subsidies for long-term unemployed people over 25 was always part of the plan to pay for Youth Jobs PaTH. Is that the Department's understanding?

How was the decision made to cut \$339.5 million arrived at?

The MYEFO paper said \$283 million was still available to claim in the wage subsidy pool that has been cut. So before the \$339.5 million was cut there was presumably \$622.5 million available. So only 45 per cent of the wage subsidy pool remains. Why was the decision made to cut so drastically?

How many fewer subsidies can be claimed because of the cap? (If they ask to take it on notice, ask how they don't know that given it's a recent announcement and surely that would have been tested before the announcement.)

Why has the government decided to reduce incentives to employ people over 25?

Answer

Savings of \$329.5 million were announced in the 2016–17 MYEFO. These savings were redirected to fund Government priorities including the \$200 million Regional Jobs and Investment Package to grow sustainable, quality employment in regional Australia across nine regions, Launch into Work program to assist the long term unemployed through training, mentoring and a community based work placement, and budget repair.

As at the 2016–17 MYEFO, \$578 million over the forward estimates continues to be available to assist job seekers into work through the use of wage subsidies, including approximately \$283 million for those aged 25 years and over.

Over the almost two years from 1 July 2015 to 4 April 2017, there have been around 46,000 wage subsidy agreements in jobactive. In 2017–18 alone there will be around 30,000 wage subsidies available through the Wage Subsidy Pool including for job seekers who are mature age, youth, parents, Indigenous or long-term unemployed.

The funding level for wage subsidies was determined based on previous experience with wage subsidy take up. The Department of Employment expects an increase in take up as a result of the launch of the jobactive PaTH program and the simplified policy parameters that have operated from 1 January 2017. The Department of Employment expects to be able to manage demand for wage subsidies within the current budget allocation.