

Employment Plan 2018
Australia

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Section 1. Employment and labour market outlook

The Australian economy is in its 27th year of continued expansion, with the economy forecast to grow by 3 per cent in 2018-19 and 2019-20. Employment has increased by 2.5 per cent through the year to October 2018, well above the annual average growth rate of 1.6 per cent over the last decade (seasonally adjusted). The unemployment rate for people aged 15 years and over stood at 5.0 per cent in October 2018, down from 5.4 per cent a year earlier.

Chart 1: GDP and Employment Growth, 1998 – 2018



Source: Australian Bureau of Statistics (ABS), Australian National Accounts: National Income, Expenditure and Product, June quarter 2018 (Cat. No. 5206.0), chain volume measure, trend data; and ABS, Labour Force, Australia, October 2018 (Cat. No. 6202.0), trend data.

Table 1: Economic and labour market conditions, 2008 and 2017 – Employment growth

| **Area** | **2008 GDP per capita ($US, 2010 terms)2008** | **2017 GDP per capita ($US, 2010 terms)** | **2008 Employment growth (%)** | **2017 Employment growth (%)** |
| --- | --- | --- | --- | --- |
| Australia | $US 42,399 | $US 46,266 (e) | 2.8 | 2.3 |
| G20 median | $US 34,356 | $US 36,258 (e) | 1.4 | 1.2 |

Table 2: Economic and labour market conditions, 2008 and 2017 – Unemployment rates

| **Area** | **2008 Unemployment rate** | **2017 Unemployment rate** | **2008 Youth unemployment rate** | **2017 Youth unemployment rate** |
| --- | --- | --- | --- | --- |
| Australia | 4.2 | 5.6 | 8.8 | 12.6 |
| G20 median | 6.2 | 5.6 | 14.8 | 15.9 |

Table 3: Economic and labour market conditions, 2008 and 2017 – Participation Rates

| **Area** | **2008 Participation rate (15+) (%)** | **2017 Participation rate (15+) (%)** | **2008 Female participation rate (15+)****(%)** | **2017 Female participation rate (15+)****(%)** | **2008 Working age (15 to 64) participation rate (%)** | **2017 Working age (15 to 64) participation rate (%)** |
| --- | --- | --- | --- | --- | --- | --- |
| Australia | 65.5 | 65.1 | 58.5 | 59.8 | 76.5 | 77.4 |
| G20 median | 60.3 | 61.2 | 50.4 | 52.3 | 70.4 | 70.8 |

Source: Table 1, 2 and 3 - ILOSTAT and OECD.Stat. (e) = estimated. Figures for G20 medians based on available data at time of report preparation. Department of Jobs and Small Business calculations based on OECD.Stat short-term labour market statistics.

Table 4: Australian labour market forecasts for 2018-19

| Employment growth | Unemployment rate | Participation rate |
| --- | --- | --- |
| 1½ per cent | 5¼ per cent | 65½ per cent |

Source: Australian Government, Budget Strategy and Outlook: Budget Paper No. 1, 2018-19.

# Section 2. Employment Challenges for Australia

## Challenge: Boosting labour force participation

Population ageing poses a challenge to many advanced countries, including Australia. The labour force participation rate for people aged 15 years and over is projected to fall to less than 63 per cent by 2054‑55, compared with around 65 per cent today. This is expected to generate fiscal pressures through a smaller labour force and income tax base, as well as increased demand for age-related payments and services. Improving workforce participation rates for groups with potential for higher participation is not only a pathway to boost Australia’s productive capacity but can improve equity and opportunity for all Australians. For example, mature age people, Indigenous Australians, humanitarian entrants and people with disability have much lower participation rates than the general population.

## Challenge: Supporting women’s participation

Recognising the unique barriers that women face to labour force participation, in 2014 G20 Leaders set a goal of reducing the gender gap in participation rates by 25 per cent by 2025. While progress is being made in Australia, further support is being provided for women to enter and stay attached to the workforce to improve their economic security.

## Challenge: Addressing long-term unemployment

Addressing this is important; both to ensure thousands of Australians do not face long-term exclusion from work, and to improve the long-term economic outlook by avoiding the erosion of skills and job readiness caused by prolonged absence from the workforce.

## Challenge: Youth unemployment

Young people tend to have less skills and experience than older members of the population. The youth unemployment rate was 11.4 per cent in September 2018, lower than the peak in October 2014 (14.4 per cent), but remains more than double the headline national rate of 5.0 per cent. Improving youth participation in employment, education or training is therefore a priority for the Australian Government.

## Challenge: Boosting Indigenous employment

Improving education, economic development and labour market outcomes for Indigenous Australians is a significant priority. Aboriginal and Torres Strait Islander Australians face multiple barriers to employment compared with other Australians. While the majority of Indigenous Australians live in urban areas and participate fully in the economy, they continue to represent a high proportion of the unemployed. For people living in remote Australia there are fewer job opportunities. For Aboriginal and Torres Strait Islander people who live remotely, many have English as a second or more distant language. This creates further barriers to participation in an already limited job market.

## Challenge: Managing structural change

Technological advancements have the potential to lift growth, productivity and raise living standards over the longer term. As such, managing structural change is an ongoing priority for the Government, in particular to prepare workers for the jobs of the future. Strengthening job creation requires an ongoing commitment to boosting economic growth and opening up employment opportunities through innovation and new forms of work. Investment in skills and active labour market assistance are essential to ensure existing and new entrants to the workforce are able to quickly adjust to changing labour market demands and connect with new job opportunities.

# Section 3. Current policy settings and new commitments

## Broad economic settings

More than two decades of sustained economic growth and low and stable inflation have reduced economic uncertainty and facilitated private investment in Australia. Australia’s policy framework has played an important role in fostering this macroeconomic stability. The main pillars of this framework are a flexible exchange rate, an open capital account, an inflation-targeting independent central bank and fiscal policy focused on transparency and medium-term sustainability.

## Incentives, investment and entrepreneurship

Private enterprise and investment are key drivers of economic growth and national prosperity. The Government’s regulatory reforms aim to boost competitiveness, productivity and job creation by reducing the regulatory burden on businesses, community organisations and individuals. Following an initial reduction in regulatory burden of $1 billion by September 2014, the Government has reduced the regulatory burden on business and the community by more than $5.8 billion as at December 2016.

The Australian Government has passed legislation to fast-track tax relief for 3.3 million small and medium-sized businesses five years earlier than planned. The corporate tax rate was to go down to 25 per cent in 2026-27 – it will now hit 25 per cent in 2021-22.

In the 2018-19 Budget, the Government also announced a seven‑year Personal Income Tax Plan to reduce the tax burden borne by working Australians and improve incentives to work. The Personal Income Tax Plan will be delivered in three steps, including: a low and middle income tax offset to help with cost of living pressures, measures to address bracket creep and increase the low income tax offset, and simplifying the tax system by lifting and removing certain tax brackets. By 2024‑25, around 94 per cent of taxpayers are projected to face a marginal tax rate of 32.5 per cent or less, compared with 63 per cent if the personal income tax system was left unchanged.

The Government is building an environment where businesses can access the right skills and harness technology and science to grow, export and employ more Australians. The 2018-19 Budget made a $2.4 billion investment in Australia’s research, science and technology capabilities, including:

* $1.9 billion over 12 years in additional, long-term funding for national research infrastructure
* measures that deliver cutting edge digital infrastructure, a new space agency, opportunities to skill our workforce and boost our export competitiveness

These investments build on the $1.1 billion National Innovation and Science Agenda (NISA), launched in 2015, which sets a focus on science, research and innovation as a key long-term driver of economic prosperity, jobs and growth. The NISA is structured around four key pillars: culture and capital; collaboration; talent and skills; and government as exemplar. The NISA includes measures to increase the supply of venture capital, commercialise more of Australia’s medical research; increase the participation of women and girls in science, technology, engineering and mathematics (STEM), and increase collaboration between researchers.

These investments are underpinned by further support for infrastructure to improve productivity and connections with product markets. For instance, in the 2017-18 Budget, the Australian Government increased its investment in land transport infrastructure from $50 billion to $70 billion between 2013‑14 and 2020-21.

Through an industry-led process, the Industry Growth Centres Initiative aims to drive innovation, productivity and competitiveness. Under the Initiative, six independent not-for-profit Growth Centres have been established in industry sectors of competitive strength and strategic priority:

* advanced manufacturing
* cyber security
* food and agribusiness
* medical technologies and pharmaceuticals
* mining equipment, technology and services
* oil, gas and energy resources

Consistent with the G20 Entrepreneurship Action Plan agreed in 2016, the Australian Government is implementing a range of measures to encourage entrepreneurship and innovation, in addition to existing policies and programs.

New Business Assistance with NEIS[[1]](#footnote-1) helps people to start and run their own small business by providing accredited small business training, business mentoring and advice. The program is delivered across most of Australia by a network of organisations including Business Enterprise Centres, technical and further education institutes, community organisations and private sector businesses.

In the 2018-19 Budget, the Government announced the expansion of the Entrepreneurship Facilitators initiative to an additional 20 locations to promote self-employment among mature age Australians. The facilitators bring together available services and programs, and provide practical assistance to people in those locations to help them develop their ideas into successful businesses. Facilitators offer mentoring and business support, engage with relevant community organisations to increase awareness of the opportunities available through self-employment and refer participants to the most appropriate assistance available in the region, including New Business Assistance with NEIS. The three existing facilitators, introduced in 2016, have had a focus on young people and assisted over 23,000 people since December 2016.

The Government is delivering policies to incentivise and grow Indigenous businesses, entrepreneurship and access to diverse markets. Since 2015 the Government has delivered the Indigenous Procurement Policy (IPP) to leverage the Commonwealth’s annual multi-billion procurement spend to drive demand for Indigenous goods and services, stimulate Indigenous economic development and grow the Indigenous business sector. Since its inception, the IPP has seen over 1,000 Indigenous businesses win Australian Government contracts worth more than $1 billion. This year the Government launched its 10 year Indigenous Business Sector Strategy which will further support a vibrant and thriving Indigenous business sector across Australia, including remote Australia.

## Labour markets and social protection

### Labour market regulation

Australia has a safety net of ten National Employment Standards set out in the *Fair Work Act 2009,* modern awards and national minimum wage orders, providing basic pay and conditions for employees in the national workplace relations system. The system is overseen by an independent body, the Fair Work Commission, which sets the national minimum wage as well as modern award wages and working conditions in awards. The Commission can also act as an arbiter in industrial disputes.

Employers and employees can collectively bargain for enterprise agreements that leave employees better off overall in comparison with modern awards. The approach of decentralised bargaining between employers and employees underpinned by a safety net and an independent umpire has the benefit of allowing individual businesses to establish agreements that suit their specific circumstances, while providing employees with protections in the labour market.

The Fair Work Ombudsman (FWO) enforces compliance with the *Fair Work Act 2009*, related legislation, modern awards and registered agreements. The FWO plays a key role in providing advice and education on pay rates and workplace conditions to employers and employees to help them understand their rights and obligations. Additional funding of $20.1 million has been provided to the FWO over four years from 2016-17 to boost its resources and capabilities to lift the level of compliance with workplace laws.

Australia routinely reviews and updates its employment laws to ensure appropriate protections and sufficient flexibility for business. Recent measures taken by the Australian Government to protect vulnerable workers include:

* higher penalties (up to 10 times the previous amount) for ‘serious contraventions’ of prescribed workplace laws
* strengthening the FWO’s evidence gathering powers
* establishing the inter-agency Migrant Workers’ Taskforce to ensure strong collaboration and a whole‑of‑government approach to addressing exploitation of migrant workers

### Workplace safety

Australia has a range of work health and safety (WHS) bodies focused on improving WHS outcomes. WHS laws operate within a national framework and generally apply to workers in all industries and to all areas of employment. Actions to improve WHS in Australia are guided by the Australian Work Health and Safety Strategy 2012-2022 (Australian Strategy).[[2]](#footnote-2)

Australia has steadily improved its work health and safety performance over the last decade (Chart 2). Between 2007 and 2017, there was a 48 per cent decrease in the incidence rate of traumatic injury fatalities. The rate of serious workers’ compensation claims for injury and disease has also declined by 38 per cent, from 16.3 claims per 1000 employees in 2000-01 to 9.5 claims per 1000 employees in 2015-16.

Chart 2: Worker fatalities: number of fatalities and fatality rate, 2003 to 2017



Source: Safe Work Australia, Work-related Traumatic Injury Fatalities Australia, 2017

Australia has introduced a range of measures to improve WHS, in line with the G20 Statement on Safer and Healthier Workplaces adopted in 2014:

* **Ongoing assessments and effective incentives and advisory services provided by national safety and health bodies ­–** Safe Work Australia (SWA) is Australia’s national WHS policy body which works in partnership with governments, employers and employees to drive national policy development on WHS and workers’ compensation. [WHS](https://www.safeworkaustralia.gov.au/glossary#WHS) regulators in the Commonwealth and in each state and territory are responsible for regulating and enforcing the laws in their jurisdictions.
* **Strengthened legislation and resource for prevention and compensation, training, compliance assistance and enforcement efforts –** In 2011, SWA developed a single set of model [WHS](https://www.safeworkaustralia.gov.au/glossary#WHS) laws to be implemented across Australia. The [laws](https://www.safeworkaustralia.gov.au/glossary#model_WHS_laws) include the model WHS Act, the [model WHS Regulations](https://www.safeworkaustralia.gov.au/glossary#model_WHS_Regulations), and [model Codes of Practice](https://www.safeworkaustralia.gov.au/resources_publications/model-codes-of-practice). All states and territories have implemented these as their own laws, with the exception of Victoria and Western Australia, although these jurisdictions have similar systems. In 2018, SWA commissioned a comprehensive independent review examining how the model WHS laws are operating in practice and whether they are achieving their objectives.
* **Improved data collection and use of empirical data to inform program design and effectively target enforcement and outreach efforts –** SWA conducts research and publishes a range of statistical reports on work-related injuries, illness and fatalities.
* **Action taken to improve OSH conditions for vulnerable workers and in high-risk sectors –** A focus for SWA in 2018 is developing tailored information and resources, ensuring better collaboration, and improving data collection with respect to migrant workers. The Australian Strategy identifies particular high risk industries and conditions as national priorities. For example, A National Agriculture Activity Plan 2014-2019 has been developed and a National Road Safety Action Plan 2018-2020 is being addressed.
* **Raised awareness of the importance of OSH particularly among small and medium enterprises –** SWA has developed practical guidance for small businesses in creating healthy and safe workplaces. WHS regulators across Australia offer a range of free services tailored to meet the individual needs of small businesses, such as access to safety advisors and one-on-one consultations on achieving health and safety in the workplace.

### Social protection

A job is the most important form of social protection. Australia’s social protection system is made up of a variety of policy levers, such as employment services and income support, subsidized health care and education, and the retirement income system.

Employment services are delivered through a network of providers, with more intensive labour market services available to support people who face greater disadvantage. The overall goal is to ensure that workers can move between jobs and are able to access the assistance that they need to regain employment quickly.

Australia’s non-contributory social security system[[3]](#footnote-3) and labour market programs are closely aligned, and have a strong focus on assisting people with the capacity to work to enter employment. Tight means-testing of benefits combined with extensive activation measures ensures that there are strong incentives to encourage those who are able to work or study, whilst providing support to those who are unable to work. The coverage and targeting of these measures is consistent with the policy recommendations adopted by G20 Labour and Employment Ministers in 2016.

The Australian tax-transfer system, as the main element of social support system, plays a key role in distributing income among Australian households, through a targeted system of cash payments (including income support and family payments), in­‑kind support (such as subsidised health care and education) and a progressive income tax system.

The Australian Government’s Try, Test and Learn (TTL) Fund is using insights from a Priority Investment Approach to Welfare to trial new or innovative approaches to assist some of the most vulnerable in society to move off welfare and become independent. The objective of the TTL Fund is to generate new insights and empirical evidence into what works to reduce long-term welfare dependence, and is funded until 30 June 2020. Fourteen Tranche 1 TTL projects are being implemented which focus on supporting young students, young carers and young parents into stable, long-term employment. Tranche 2 will focus on the following priority groups: older unemployed people, working age migrants and refugees, working age carers and at-risk young people.

Australia’s retirement income system has three main pillars: compulsory superannuation contributions; voluntary employee contributions; and the Australian Government Age Pension safety net. The aim of this system is to provide people with income in retirement to substitute or supplement the Age Pension.

### Active labour market programs

The Australian Government provides employment services to job seekers through a network of private and community sector entities. There are three main employment programs: jobactive for job seekers living in non-remote areas, Disability Employment Services for people with disability, injury or health condition, and the Community Development Program for job seekers in remote areas.

The Australian Government’s $6.7 billion mainstream employment service jobactive has an outcomes‑focused approach and offers a mix of incentives, services and obligations to help job seekers into sustainable work. Job seekers are required to actively look for work, and participate in activities designed to build their capabilities, and do all they can to improve their chances of getting a job. Services to job seekers and employers are delivered by a network of jobactive providers in over 1700 locations across Australia. Mainstream employment services in Australia are complemented by targeted programs that offer additional supports where necessary to certain cohorts that may face greater challenges in finding work than others (such as additional supports for youth, women, parents, Indigenous Australians, mature-age job seekers and others).

The Australian Government is reviewing the design of jobactive before the current contracting arrangements end in mid-2020. Improvements envisaged for the new model could include greater use of technology to more effectively engage and encourage job-ready job seekers to look for work; online technology to give employers access to an online service that helps them find the right people through a simplified recruitment process and access to a broader pool of potential employees. Enhanced services would be available to job seekers requiring additional levels of assistance.

The Australian Government funds Disability Employment Services (DES) providers to deliver uncapped open employment services for job seekers with disability. This includes individualised, tailored assistance with an emphasis on employment, skills development, education and training. Job seekers participating in DES are encouraged to choose their preferred provider, to ensure that the services they receive are right for them. While the focus of DES is for job seekers whose primary barrier to employment is their disability, injury or health condition, job seekers with disability can also receive assistance from the mainstream employment service jobactive, Transition to Work (which provides pre-employment to young people) and the Community Development Program (CDP) if eligible.

The CDP supports job seekers in remote Australia to build skills, address barriers and contribute to their communities through a range of flexible activities. The program is tailored to the unique social and labour market conditions in remote Australia. Proposed to commence from 2019, CDP reforms will support more remote job seekers to transition from welfare into work, and strengthen support for vulnerable job seekers to ensure their mutual obligations match their capacity.

## Policy measures targeting labour market disadvantage

### Indigenous people

Compared with the general population, Indigenous Australians experience low labour force participation and higher unemployment rates. The Australian Government is implementing measures to help accelerate progress towards parity in employment outcomes between Indigenous and non‑Indigenous Australians. Measures to improve Indigenous employment outcomes include:

* a $55.7 million Closing the Gap – Employment Services package, which includes measures to increase the number of Indigenous Australians engaged with the labour market and build the capacity of employment services to better connect Indigenous job seekers with jobs
* as part of the Closing the Gap – Employment Services package, establishing the Time to Work Employment Service. This provides Indigenous prisoners with access to coordinated Australian Government funded in-prison employment services, including the development of a transition plan and a facilitated transfer to their employment services provider on release.
* implementing the Employment Parity Initiative, which involves working with large employers to increase the number of Indigenous Australians employed in the private sector, with a target of 3 per cent of their employees being Indigenous by 2020
* providing funding support to employers and service providers to connect working age Indigenous Australians with real and sustainable jobs, as well as assisting Indigenous school students to transition from education into sustainable employment
* implementing the Vocational Training and Employment Centre programme to deliver jobs to highly disadvantaged Indigenous job seekers across Australia and support them and their employers to 26 weeks in work
* an Indigenous Procurement Policy applying to the Australian Government’s domestic procurement. This will leverage the Commonwealth’s annual multi-billion procurement spend to drive demand for Indigenous goods and services, stimulate Indigenous economic development and grow the Indigenous business sector and an Indigenous Entrepreneurs package with targeted support for small businesses.

### Mature age people

The Government’s 2018-19 Budget has a particular focus on helping older Australians to remain in the workforce and supporting flexibility in their later working years, with jobs and skills measures contained in the More Choices for a Longer Life package. The Government will support older Australians to continue to build their capabilities by implementing a number of measures such as:

* the Skills Checkpoint for Older Workers program for Australians aged 45 to 70. The program will provide eligible Australians with advice and guidance on transitioning into new roles within their current industry or pathways to new careers, including referral to relevant education and training options. Eligible individuals will be employed and at risk of entering the income support system, or recently unemployed and not registered for assistance through an employment services program.
* trialling a new Skills and Training Incentive (Incentive) to encourage older Australians to enhance their skills and take advantage of new career opportunities. Up to $2200 per participant (matched by either the participant or their employer) will be provided to fund reskilling opportunities. Participants aged 45 to 70 years who have completed the Skills Checkpoint and have training identified in their Skills Checkpoint assessment will be eligible for the Incentive.
* an online Skills Transferability Tool to assist workers to find jobs that closely match their skills and attributes
* bringing forward the national rollout of the Career Transition Assistance program (announced in the 2017-18 Budget) so older Australians can benefit sooner from guidance and training to be competitive in their local labour market. The national rollout will be extended to 45 to 49 year‑olds, beyond the current age bracket of 50 years and over.
* expanding the Entrepreneurship Facilitators initiative to 20 additional locations to promote self-employment among older Australians

Employers also have a role in supporting older Australians. This will be achieved in part by working with industry, via a Collaborative Partnership on Mature Age Employment, to drive cultural change in hiring practices and combat age discrimination in workplaces. A Restart wage subsidy of up to $10,000 is available to employers to encourage them to hire older Australians who are 50 years of age and who have been receiving income support or a qualifying pension.

These measures build on the Mature Age Employment Package, part of broader Working Age Payment Reforms, in the 2017–18 Budget. This package includes a new Career Transition Assistance program, a series of Pathway to Work pilots to prepare and train job seekers for specific vacancies, and an expansion and enhancement of the National Work Experience Programme.

These increased support services accompany changes to mutual obligations for mature age job seekers. Changes to participation requirements have been designed to increase the time people spend in activities that lead to work, better connect them with the labour market and better align requirements with community expectations.

* For their first 12 months on payment, job seekers aged 55 to 59 will no longer be able to fully meet their mutual obligation requirements through undertaking 30 hours per fortnight of any combination of volunteer or paid work. Instead, at least 15 of the 30 hours will need to be in paid work to fully meet their requirements.
* Those aged between 60 and the Age Pension eligibility age (currently 65.5 years), who currently have no Annual Activity Requirement (AAR), will have an AAR of 10 hours per fortnight.

### People with disability and carers

The National Disability Strategy 2010-2020 is Australia’s overarching framework for driving a more inclusive approach to the design of policies, programs and infrastructure so people with disability can participate in all areas of life and have economic security. It is the primary mechanism for implementing the United Nations *Convention on the Rights of Persons with Disabilities* in Australia.

Commitments to improve labour market participation for people with disability and carers include:

* the Australia-wide roll-out of the National Disability Insurance Scheme (NDIS), which is aimed at improving the wellbeing and economic and social participation of people with disability and their carers. Once the NDIS reaches full scheme in 2020, it is estimated to cost $22 billion a year and provide support to around 460,000 people with disability.
* continued investment of more than $3 billion over four years into the DES program, including the introduction of reforms in July 2018 fostering greater choice and control by people with disability in selecting the services they need to find and maintain employment
* an additional $85.6 million over four years for the introduction of new services for carers through an Integrated Carer Support Service model. The early intervention model will help sustain carers in the caring role, improve their ability to stay in touch with work, complete their education and participate in the community.

The long‑term structural shift in employment in services industries is projected to continue over the coming five years, providing significant job opportunities. In particular, employment in Health Care and Social Assistance, the main source of new jobs in the Australian labour market since the 1990s, is projected to increase by over 250,000 people over the five years to May 2023. The resulting increase in this industry’s share of total projected employment growth will be largely due to the full implementation of the NDIS, scheduled for 2019-20. Various government measures to support growth, quality and equity in the sector – such as health, aged care and NDIS workforce strategies and other initiatives – enable workers to harness emerging job opportunities.

### Regional areas

Unemployment rates across Australia vary widely and tend to increase outside of capital cities. Engagement in work or study by disadvantaged cohorts, particularly young people, women and Indigenous Australians, also tends to be lower in regional or remote areas. Key commitments to improve employment opportunities in disadvantaged regions of Australia include:

* a $222.3 million investment in the Regional Jobs and Investment Packages (RJIP), to help 10 regions in Australia diversify their economies, stimulate long-term economic growth and deliver sustainable employment
* the Regional Growth Fund, a $272.2 million investment program to provide grants for $10 million or more for major projects, which support long-term economic growth and create jobs in regions, including those undergoing structural adjustment
* the Building Better Regions Fund of nearly $642 million which will create jobs, drive economic growth and support strong regional and remote communities across Australia by funding infrastructure and community investment projects
* a range of measures to support the economic development of northern Australia over the next 20 years, including the $5 billion Northern Australia Infrastructure Facility and actions to increase skills development and expand the labour force in this region

In addition to the tailored services provided through the Government’s national jobactive employment services program, the Government introduced the $18.4 million Regional Employment Trials program as part of the 2018-19 Budget. The program operates in ten selected disadvantaged regions and allows local stakeholders to design solutions to local employment programs. In trial regions, Department of Jobs and Small Business Employment Facilitators work with Regional Development Australia committees to develop local employment projects. Projects bring together stakeholders and employment service providers to tackle employment challenges. Examples of projects that could be funded include:

* engaging mature aged residents and local business leaders in a mentoring program
* preparing job seekers for an upcoming infrastructure project
* work experience programs that provide local employment opportunities

The Regional Employment Trials program commenced on 1 October 2018 and concludes on 30 June 2020.

### Workers in industries facing major structural change

Australia’s economy has undergone significant structural change over recent decades, affecting jobs, industry capability and supply chains. This creates challenges as some industries contract but also creates opportunities as others expand. The successful market‑driven reallocation of resources in the economy allows businesses to access the workers and investment they need. Although a positive force for the economy as a whole, structural adjustment can have transition costs for individuals and communities that rely on industries in decline. Recent measures to support workers in industries facing structural decline have included:

* the $10.3 million Stronger Transitions package which commenced on 1 July 2018 to help retrenched workers with pre and post-retrenchment support and take advantage of labour market opportunities. It is available in the following regions: Adelaide, Mandurah, North Queensland, North/North-West Tasmania and Melbourne North/West
* the $155 million Growth Fund which includes measures to assist retrenched automotive workers to reskill and transition to new jobs
* the $100 million Advanced Manufacturing Fund to drive innovation
* targeted employment support for retrenched workers through structural adjustment packages for the automotive, steel and other industries
* an employer engagement strategy aligned to industries and regions with strong employment prospects and enduring career opportunities for job seekers

The Government will help older Australians facing retrenchment find new jobs by providing targeted assistance under a range of Job Change initiatives. This includes:

* providing retrenched workers and their partners with immediate access to employment services
* connecting retrenched workers with services to help them get back into work through the Retrenchment Rapid Response Framework
* providing retrenched workers with information on entitlements, financial support and employment assistance through a new voluntary Redundancy Information Statement
* extending intensive employment support to retrenched automotive manufacturing workers to 30 June 2019
* extending the Gippsland Employment Facilitator to support that region until 30 June 2020
* Jobs Fairs to connect individuals and employers in regions experiencing structural change

### Migrants

As part of the Australian Government’s commitment to protect vulnerable workers, a cross-agency Migrant Workers’ Taskforce was established in October 2016 to identify further improvements in law, law enforcement and investigation, and other practical measures to more quickly identify and rectify any cases of migrant worker exploitation.

The Government is providing better support for newly arrived refugees. In the 2018‑19 Budget, it announced a Streamlining Services for Refugeesmeasure aimed at improving the sequencing of assistance. Newly arrived refugees are eligible for the Humanitarian Settlement Program (HSP), Adult Migrant English Program (AMEP) and jobactive. From 1 January 2019, newly arrived refugees receiving activity tested income support will initially focus on HSP and AMEP for six months to allow them to focus on adjusting to life in Australia and enhancing their English language proficiency, before becoming eligible for full jobactive services. The aim of this measure is to support newly arrived refugees to better focus on settlement and language assistance before looking for a job.

### Skills development

Australia has experienced a growth in demand for skilled labour that has outstripped growth in demand for unskilled labour. A workforce with a high level of foundation skills (such as literacy and numeracy) is better able to adapt to the dynamic shifts occurring in the demand for skills that are typical of a modern economy. Investing in higher‑level skills is also essential to foster productivity growth and promote job creation. Recent measures include:

* reforms to improve outcomes at all levels of education and training, including by ensuring that education and training is relevant to employment opportunities
* a $1.5 billion Skilling Australians Fund focused on boosting the number of new apprentices, trainees and pre‑apprentices
* investment under NISA to encourage people of all ages to engage with STEM
* an Industry Specialist Mentoring for Australian Apprentices program that aims to increase retention rates among apprentices, particularly in the first two years of training
* the Australian Apprentice Wage Subsidy trial, which aims to support apprenticeships in skills‑need occupations in rural and regional areas, encourage participation by employers who have not previously engaged apprentices, as well as re-engaging employers
* a review of the vocational education and training system with a focus on how to ensure Australians have the skills to succeed in a changing labour market, to be delivered in March 2019

### School education

The Australian Government has committed to providing an additional $37.6 billion, compared with 2016‑17 Budget settings, for schools over 2018 to 2029, to implement a needs-based funding model that delivers a consistent national approach to all schools in all states and territories.

### Apprenticeships, vocational training and higher education

In addition to providing funding to state and territory governments to support apprenticeship training, the Australian Government also funds a range of incentives and personal benefits for employers and apprentices to ensure that the system delivers the skilled labour required in businesses.

Australia’s vocational education and training (VET) system operates nationally by agreement between the federal, state and territory governments, with input from industry. To support access and participation in VET, the Australian Government provides income‑contingent loans to students undertaking higher‑level VET qualifications. The Australian Government’s VET policy agenda includes implementing arrangements for developing and maintaining nationally-recognised and quality-assured competency standards and qualifications to ensure they are driven by the needs of workplaces.

As part of the Government’s 2018-19 Budget, the Skills and Training Incentive (STI) provides an opportunity for employers to assist older workers to update their skills. Older Australians and their employers will be eligible for up to a $2000 matched incentive for undertaking suitable training (accredited or non-accredited). There will be up to 3600 incentives available for each year of the two‑year trial program (spanning 2019 and 2020). This will enable older Australians to adapt to changes in career and skill requirements; with employers encouraged to invest in the skills development of older workers. The STI will assist workers to build skills in the later stages of their careers, helping mature aged workers remain in the workforce for longer.

The Australian Government contributes to labour market participation by enhancing the accessibility of university and higher education including through a direct contribution to the cost of educating all Australian Government supported students, along with access to income‑contingent loans.

# Section 4. Monitoring and Reporting

## Selected indicators

Table 5: Selected economic and labour market indicators

| **Indicator** | **2008** | **2017** |
| --- | --- | --- |
| GDP growth (real) (%) | 2.5 | 2.2 |
| GDP per capita (2010 $US constant prices in PPP) | $US 42,399 | $US 46,266 |
| Employment growth (%) | 2.8 | 2.3 |
| Employment-population ratio (for 15-64) (%) | 73.2 | 73.0 |
| Unemployment rate (%) | 4.2 | 5.6 |
| Incidence of long-term unemployment (%) | 14.9 | 23.5 |
| Participation rate (for population aged 15-64) (%) | 76.5 | 77.4 |
| Participation rate (for population aged 55-64) (%) | 58.9 | 66.3 |
| Participation rate (for population aged 65+) (%) | 9.4 | 13.0 |
| Participation rate (for women aged 15-64) (%) | 70.0 | 72.3 |
| Sectoral composition of employment (as a % of total employment)\* Agriculture
* Construction
* Manufacturing
* Services
 | 3.39.212.475.1 | 2.69.310.278.0 |

Source: ILOSTAT and OECD.Stat. Note: Data in Tables 5 and 6 have been sourced from the OECD/ILO to aid international comparability.

Table 6: Selected policy indicators

| **Indicator** | **2008** | **Latest available** |
| --- | --- | --- |
| Gini coefficient (income Gini) | 0.336 | 0.337 (2014) |
| Poverty (% below national poverty line) | 14.6 | 12.8 (2014) |
| Minimum relative to average wages of full-time workers (a) | 44.9 | 44.7 (2016) |
| Collective bargaining coverage (% workers) (b) | 47.7 | 50.6 (2014) |
| Labour income share (%) (c) | 61.4 | 63.0 (2015) |
| Non-agricultural labour income share (%) | 61.1 | 63.3 (2015) |
| Proportion of 20-24 year olds with Year 12 equivalent or higher qualifications | 84.2 | 87.1 (2017) |

Source: ILOSTAT, OECD.Stat.and data provided by the ILO and OECD to the G20 Employment Working Group in 2017. Proportion of 20-24 year olds with Year 12 equivalent or higher qualifications: ABS, *Education and Work, Australia*, May 2017 (Cat. No. 6227.0). Notes: Data in Tables 5 and 6 have been sourced from the OECD/ILO to aid international comparability. (a) OECD data on the minimum wage as a proportion of *average* wages of full-time workers are used in Table 5 for consistency with other G20 Employment Plans. Corresponding OECD figures for the minimum wage as a proportion of the *median* wage of full-time workers are 52.2 per cent (2008) and 53.8 per cent (2016). (b) Figures based on ILO data. The ILO defines collective bargaining coverage as “the number of employees whose pay and/or conditions of employment are determined by one or more collective agreement(s) as a percentage of the total number of employees. Collective bargaining coverage includes, to the extent possible, workers covered by collective agreements in virtue of their extension.” (c) Unpublished OECD estimates for *adjusted* labour income shares (compensation of employees over gross value added adjusted by the share of employees in total employment); estimates provided to the G20 Employment Working Group in 2017.

## Collective commitment to increase female labour force participation

The Australian Government is committed to increasing women’s workforce participation, understanding that it will enable Australia to realise its economic potential and help to achieve gender equality. Importantly, the economic security that comes with paid work can increase family wellbeing and reduce women’s vulnerability to poverty, homelessness and family violence. The Australian Government’s approach to increasing female participation includes a flexible, affordable and accessible child care system; improving workplace diversity and flexibility; workplace support; and protection through labour laws.

Australia is well advanced towards meeting the G20 goal to reduce the gender gap in labour force participation rates by 25 per cent by 2025. When measured for the population aged 15 to 64 years, the goal for Australia was a gender participation gap of 9.1 percentage points by 2025 (down from 12.1 percentage points in calendar year 2012). As of October 2018, the female participation rate had risen to 73.2 per cent and the gender participation gap was at a record low of 9.5 percentage points.

Chart 3: Male and female labour force participation rates (15-64 years), 1982–2018



Source: ABS, Labour Force, Australia, October 2018 (Cat. No. 6202.0), people 15-64 years, trend data

In November 2018, the Government released a Women’s Economic Security Statement.[[4]](#footnote-4) The new measures totaling $109 million over four years are a further step in delivering on Towards 2025: An Australian Government Strategy to Boost Women’s Workforce Participation. The Strategy outlines the Government’s roadmap to meet the G20 goal and includes a specific focus on Aboriginal and Torres Strait Island women, migrant women and women with disabilities.

Flexible working arrangements enable labour force participation by diverse cohorts of people, allowing them to work while managing their individual circumstances, such as caring responsibilities. Under the Fair Work Act 2009, employees may request flexible working arrangements in a range of circumstances, including among other things if the employee has responsibility for the care of a child who is of school age or younger.

To build upon the existing framework, the Australian Government has introduced a range of initiatives to provide targeted support for women to enter and stay attached to the workforce across key policy areas. Some of the most relevant measures are outlined below.

* A Women’s Economic Security Statement was delivered on 20 November 2018. The package of measures announced as part of the Statement is built around three pillars: increasing women’s workforce participation ($54.8 million); supporting women’s economic independence ($35.6 million); and improving women’s earning potential ($18.6 million). Together these measures will assist women in a range of ways, including boosting entrepreneurship in girls and young women, working with business to progress flexibility, expanding access to and improving flexibility of parental leave payments, and supporting women’s economic recovery after events such as domestic violence and separation.
* A new child care package was successfully implemented on 2 July 2018, representing the most significant reforms to Australia’s early education and care system in forty years. The package encourages workforce participation for parents and places downward pressure on child care fees. The centrepiece of the Package, the Child Care Subsidy, is designed to encourage families to participate in the workforce, especially those on low to middle incomes. As a result of these changes, in 2018-19 the Government will be investing a record amount of funding totalling $8.3 billion on the child care system. Over the next few years, the Government’s Child Care Subsidy expenditure will reach around $10 billion a year.
* The Government has committed $10 million to 2019-20 for the Launch into Work pilot program, which is trialing pre‑employment projects that are co‑designed with employers to prepare job seekers for identified entry-level roles in the business. The program proactively responds to labour market demands and supports women into career pathways.
* From 2 July 2018, the Australian Government has been delivering the $351 million ParentsNext pre-employment service nationally (excluding remote areas). The program will help an expected 68,000 parents each year to plan and prepare for employment by the time their children start school. Providers arrange suitable activities for participants to towards their goals and connect them with local services to help prepare for work. An expected 95 per cent of the participants will be women and around 10,000 will be Indigenous Australians.
* *Inspiring all Australians in Digital Literacy and STEM*, a NISA measure, allocated $64 million for initiatives to improve the teaching and learning of STEM in early learning and schools, including by girls. A Supporting More Women into STEM Careers National Research Internships Program has been introduced to provide additional support for industry‑based internships over four years from 2016-2017, with a particular focus on women researchers.
* In the 2018-19 Budget, the Government committed $4.5 million over four years to support long-term strategic approaches to encourage more women and girls to pursue STEM education and careers, including a Women in STEM Strategy, a Decadal Plan for Women in STEM and a Girls in STEM Toolkit.
* The Government is providing increased support for female entrepreneurship, assisting some women to re-enter the workforce by starting their own business. Over 50 per cent of businesses started under the New Business Assistance with NEIS program contract have been started by women. This assistance helps individuals by providing accredited training and business mentoring and support for the first year of their business.
* Indigenous Business Australia is an Australian Government authority set up to assist and enhance Aboriginal and Torres Strait Islander self-management and economic self‑sufficiency. They also focus on increasing Indigenous women’s participation in business.
* In June 2018, the Sex Discrimination Commissioner announced a National Inquiry into Sexual Harassment in Australian Workplaces. The Inquiry will consider the drivers of behaviours that lead to sexual harassment and assault, the adequacy of the existing legal framework and the economic impact of sexual harassment in the workplace.

## Collective commitment to achieve better employment outcomes among youth

Young people are the most vulnerable to changes in labour market conditions. A key strategy in addressing youth unemployment is to promote a strong economy. Australia makes a large investment in education, training and employment programs which, when added to those investments made by families and individuals, provides a strong foundation for good transitions into employment by youth.

Around 10.6 per cent of Australian youth aged 15 to 24 were not in work and not attending full-time education as of October 2018, compared with 9.9 per cent at the onset of the Global Financial Crisis in September 2008.

The G20 youth goal adopted by Leaders in 2015 was to reduce the share of young people who are most at risk of being permanently left behind in the labour market by 15 per cent by 2025. Chart 4 shows the trend in the proportion of youth who are not in education, employment or training (NEET), using internationally standardised data published by the OECD. After peaking in 2013, the proportion of youth NEET has been declining but is yet to return to pre-GFC lows (Chart 4).

Chart 4: Proportion of Australian youth not in education, employment or training and the overall and youth unemployment rates, 1998-2018



Sources: OECD Education at a Glance 2014 (1997-2012), OECD Education at a Glance 2015 Interim Report (2013), OECD Data “Youth not in employment, education or training” (2015-2016), ABS, Labour Force, Australia, October 2018 (Cat. No. 6202.0), seasonally adjusted data.

Australia has a wide range of measures in place to help young people to prepare for employment and support their transition into the workplace. The Government has made significant investments to help young people get jobs in its past four annual budgets.

In the 2018-19 Budget, the Government made an additional investment in the Transition to Work service, responding to higher than expected demand. The Transition to Work service provides intensive pre-employment assistance to young people who have disengaged from work and study and are at risk of long-term welfare dependence. The service is designed to improve the work readiness of young people aged 15 to 21 and will help them get into work (including apprenticeships and traineeships) or education.

To leverage its investment in youth employment initiatives over the last three years, the Government will fund the Brotherhood of Saint Laurence, a non‑government organization, to establish a Youth Employment Body. The Body will act as a forum to develop best practice youth employment service models, undertake research to inform future programs, and mobilise employer effort and experience that can be scaled up nationally.

These investments build on other recent initiatives, including the Youth Employment Package announced in the 2016-17 Budget.

* Youth Jobs PaTH (Prepare, Trial, Hire) responds to employer feedback that young people can increase their job prospects by improving their employability skills and gaining relevant work experience. Youth Jobs PaTH includes Employability Skills Training (Prepare), Internships (Trial) and a Youth Bonus wage subsidy (Hire) to support the employment of young people 15-24 years of age.
* The Government is encouraging entrepreneurship and self-employment with $89 million to support individuals, including young people, who wish to start their own business. The measure includes four key elements that were rolled out in December 2016, including:
	+ Two‑week, face-to-face ‘Exploring Being My Own Boss’ workshops
	+ SelfStart online hub, a new website bringing together information about existing services and programs in a way that engages young people
	+ Entrepreneurship Facilitators to promote entrepreneurship and join up available services and programs, operating in selected labour market regions with high youth unemployment
	+ Expansion of New Business Assistance with NEIS, which helps people to start and run their own small business

Other significant measures include:

* Empowering YOUth Initiatives, providing $50 million in grant funding over 2015-16 to 2019‑20 to eligible not-for-profit, non-government organisations to trial innovative approaches to help unemployed young people improve their skills and move toward sustainable employment. Thirty-nine initiatives have been funded for up to two years to help vulnerable young people, aged 15‒24 years of age and at high risk of welfare dependency, to find jobs.
* The national expansion of ParentsNext – a program assisting parents, including young parents, to plan and prepare for employment by the time their children start school. The national expansion of ParentsNext from July 2018 will help more than 68,000 parents (10,000 of whom are expected to be young parents) each year.
* As part of the Government’s suite of wage subsidies, a Youth Wage subsidy is available for employers through jobactive and the Intensive stream of ParentsNext to assist eligible job seekers, 25-29 years of age, into ongoing employment.
1. NEIS – New Enterprise Incentive Scheme [↑](#footnote-ref-1)
2. Available at <https://www.safeworkaustralia.gov.au/about-us/australian-work-health-and-safety-strategy-2012-2022> [↑](#footnote-ref-2)
3. Australia’s social support system includes cash transfer payments to individuals and families, and a range of support services funded or provided by all levels of government and civil society (commercial and community organisations). The system is intended to help meet the costs of daily living, increase participation in work and social activities, and build individual and family functioning. Transfer payments include income support payments to help meet daily living expense costs and other payments and supplements to help meet specific costs (such as family payments to assist with the costs of children). [↑](#footnote-ref-3)
4. Available at <https://www.pmc.gov.au/office-women/economic-security/wess> [↑](#footnote-ref-4)