

THE COALITION GOVERNMENT

Getting them ready.

Giving them a go.

Getting them a job.



jobactive PaTH

Q&A

Youth Unemployment

Why do we need to focus on youth?

- Young people aged 15-24 remain over represented among the total unemployed and long term unemployed population.
- The youth unemployment rate (15-24 years) stands at 13.2% as of July 2016, down from 13.7% in July 2015.

What is the Government doing to address youth unemployment?

- The Australian Government's new Youth Jobs PaTH announced in the 2016-17 Budget is going to give thousands of young Australians a chance to get real work experience and a real job.
- It will give them flexible opportunities to be better prepared for being in a job, providing them with valuable work experience through a voluntary internship, and helping doors to open for them through offering more incentives to businesses to hire them.
- That's why the 2016 Budget includes an \$840 million Youth Employment Package and the three-stage Youth Jobs PaTH (Prepare – Trial – Hire) to help young people become more competitive in the labour market.
- The Youth Employment Package follows the Government's earlier \$331 million investment

in a Youth Employment Strategy in the 2015-16 Budget, designed to help young people at increased risk of long-term unemployment improve their chances of finding and keeping a job.

- These measures, combined with existing initiatives (including the Transition to Work service, Empowering YOUth Initiatives and ParentsNext), will put young job seekers on a positive pathway to finding and keeping a job, as we work towards growing our new economy.
- It is a comprehensive package that has targeted services and support for all unemployed young people.
- This is an integrated, evidence-based pathway to help young Australians into work. It offers meaningful and rewarding opportunities for young job seekers and employers alike to bridge the gap and get young people working.
- Research shows that many young people have business ideas but lack the capacity and support to develop these ideas into successful businesses. The Entrepreneurship Facilitators are a way of connecting them with existing services, programs and support in their local region.

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- The 'Being Your Own Boss' Workshops that will be run by NEIS Providers also provide an opportunity for young Australians to gain a real insight into what is involved in starting a business. These Workshops will focus on innovation, collaboration and creativity in the entrepreneurship and start-up process.

Youth Employment Package

What is the Youth Employment Package?

- The Youth Employment Package was announced in the 2016-17 Budget and is an \$840.3 million investment over four years to assist young people develop the employability skills and real work experience they need to get a job.
- This package represents a substantial investment in our youth, ensuring young Australians receive job ready skills which will enable them to obtain a foothold in the job market.
- It builds on initiatives introduced by the Australian Government under the Youth Employment Strategy and will further boost young people's job prospects by helping them to be better prepared for the workplace and encouraging more businesses to hire them.
- These measures, combined with existing initiatives (including the Transition to Work service, Empowering YOUth Initiatives and ParentsNext), will put young job seekers on a pathway to finding and keeping a job.

What does the Youth Employment Package include?

- At the core of the Youth Employment Package is the **jobactive PaTH (Prepare-Trial-Hire)**, a \$751.7 million initiative to help maximise the chances of job seekers under 25 getting a job.
- The Youth Employment Package also includes measures under **Encouraging Entrepreneurship and Self-Employment, designed** to encourage young Australians to start a business and create their own job.

Why will the Youth Employment Package work?

- The package provides a step by step pathway to work that directly deals with the major challenges to employment faced by young people.

These challenges include a lack of employability skills, a lack of experience and difficulties competing with other job seekers when it comes to being selected for the job.

When will it commence?

- Under the *jobactive* PaTH, employability skills training and internships will begin in April 2017. The Youth Bonus wage subsidy will be available from January 2017.
- The measures to encourage entrepreneurship among young people will commence in December 2016. This includes the additional 2,300 places per year for the New Enterprise Incentive Scheme, the introduction of the 'Being My Own Boss Workshops', the launch of a Start Up Hub website which will allow young people to access information on starting up a small business and the appointment of three Entrepreneurship Facilitators in Cairns, the Hunter and the Launceston regions.

What is included in the Encouraging Entrepreneurship and Self-Employment measures?

- From December 2016, pathways for young people to pursue entrepreneurship will be enhanced by:
 - The highly successful New Enterprise Incentive Scheme expanding to offer an additional 2,300 places per year and broadening its eligibility so that more job seekers, including those not on income support, have the opportunity to participate in the program.
 - Establishment of two-week 'Exploring Being My Own Boss' workshops for up to 1,000 job seekers a year, followed by an internship with a small business to encourage young people to consider self-employment.

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- Entrepreneurship Facilitators will be appointed in three regions with high youth unemployment to promote entrepreneurship and join up available services and programs such as *jobactive*, the New Enterprise Incentive Scheme, microfinance services and start-up incubators.
- Young people keen on creating their own jobs will be able to access Entrepreneurship Starter Packs that bring together relevant information, helping them to find the services and assistance they need.

How do the new measures work with the Youth Employment Strategy?

- The new measures, combined with existing initiatives under the Youth Employment Strategy (including the Transition to Work service, Empowering YOUth Initiatives and ParentsNext), will put young job seekers on a positive pathway to finding and keeping a job, as we work towards growing our new economy.

Why will the Youth Employment Package work?

- The package will work because it provides a step by step pathway to work that directly deals with the major challenges to employment faced by young people.
- These challenges are a lack of employability skills, a lack of experience and difficulties competing with other job seekers when it comes to being selected for the job.
- The *jobactive* PaTH provides assistance for young job seekers that directly responds to each of these challenges.
- The Encouraging Entrepreneurship and Self-Employment measures for example will allow young people not in receipt of income support to receive assistance. This preventative action will allow participating young people to build lives of self-employment.
- These measures also recognise that young people are often confronted by barriers

such as: lack of business training, networks, confidence and awareness of the small business establishment process.

- The Entrepreneurship Facilitators are a way of connecting young people with existing services and programs and providing one-on-one support to overcome issues and give young Australian's the opportunity to consider self-employment as a real option.

jobactive PaTH

What does *jobactive* PaTH (Prepare-Trial-Hire) provide?

- The *jobactive* PaTH will include three flexible stages:
 - **Prepare** - Employability skills training will begin in April 2017 to help prepare young job seekers for the workplace and equip them the skills, attitudes and behaviours required for them to be successful in a job.
 - **Trial** - From April 2017, up to 30,000 young job seekers each year will be eligible to undertake an internship placement of 4 to 12 weeks. The internships will be voluntary and provide an incentive of \$1,000 upfront to a business to host an intern and a \$200 fortnightly incentive to job seekers on top of their income support.
 - **Hire** - From January 2017 a Youth Bonus wage subsidy of up to \$10,000 (GST inclusive) will be available to businesses who take on an eligible young job seeker under 25 years. As part of this measure, existing wage subsidies (including those for youth (under 30 years), parents, Indigenous, mature-age, and the long term unemployed) will be further enhanced, making them easier for employers to access.

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How will *jobactive* PaTH be different to other measures already introduced?

- The *jobactive* PaTH improves upon and complements existing supports by providing real world solutions to the real world employment challenges facing young people.
- The employability skills training will be intensively delivered in two blocks of three weeks and the close engagement with employers in the training's design means that it will deliver real results. A wide range of organisations have already been consulted on the training, and their feedback will inform its implementation.
- The internship placement is different to existing work experience activities because it delivers a formal opportunity for young people to understand a work environment and simultaneously gives employers an opportunity to ensure the job seeker is a good fit for their business. Other key differences include:
 - Under the internship, job seekers will receive a \$200 per fortnight supplement on top of their income support payment.
 - Employers will receive an upfront payment of \$1000 to host an intern.
- Previous wage subsidies for youth under 30 years provided employers with up to \$6,500 (GST inclusive) over 12 months if they hired an eligible job seeker. The new Youth Bonus wage subsidy provides up to \$10,000 over six months. The employer will receive up to \$6,500 if they hire an eligible 'job ready' job seeker (Stream A) or up to \$10,000 (GST inclusive) if they hire other job seekers (Streams B and C and TtW participants on income support).
- In addition, all wage subsidies - for job seekers aged 25-29 years, parents, Indigenous, mature-age and the long-term unemployed - will be further enhanced, including payment over six months.

Under the *jobactive* PaTH, is it compulsory for all young job seekers receiving income support to complete the 'Prepare: Employability Skills Training' phase?

- Job seekers aged 15-24 years can volunteer for the Employability Skills Training from day 1 in *jobactive*, but the training becomes compulsory once the job seeker has been in employment services for five months, unless extenuating circumstances exist.
- The employability skills training will be developed with businesses to ensure that job seekers are well-prepared to take advantage of the second and third stages of the PaTH, for which they become eligible after six months in employment services. A wide range of organisations have already been consulted on the training, and their feedback will inform its implementation.

Is the 'Trial: Internship' phase compulsory?

- No. This phase of the *jobactive* PaTH is completely voluntary.

Are young job seekers able to nominate a preference for the role or industry for the internship?

- Yes. Young job seekers can express a preference for a particular occupation or industry for the internship. Employment service providers will work with young job seekers to find an internship that is suited to their level of education and skill, as well as their interests and strengths.

What are the financial incentives for the job seeker and employer?

- Job seekers will receive a \$200 per fortnight supplement, on top of their income support payment.
- Businesses will receive \$1000 to host an internship placement.

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Does the employer have to pay the job seeker's wages during the internship?

- Internship placements do not constitute an employer/employee relationship and do not involve wages or salaries. Job seekers continue to receive income support as well as a \$200 fortnightly supplement paid by the Australian Government.

Are participants paid only \$4 per hour, as the ACTU have suggested?

- The claim that the scheme will see young Australians paid \$4 an hour is a blatant lie and the ACTU should issue an apology for trying to mislead Australians.
- Under the innovative *jobactive* PaTH plan, the payment of \$200 per fortnight is on top of the existing income support that the job seeker already receives.
- The internship is an opportunity for individuals in income support to gain valuable work experience in a real workplace, on a voluntary basis. This should not be confused with paid work as individuals will continue to remain on income support whilst undertaking the internship.
- The Youth Employment Package will equip young job seekers by getting them ready, giving them a go and getting them a job.

Why aren't job seekers undertaking internships paid at the minimum wage?

- Under this program, placements do not constitute an employer/employee relationship and do not involve wages or salaries. Job seekers continue to receive income support as well as a \$200 fortnightly supplement which is paid by the Australian Government.
- This program will provide young job seekers aged 17-24 with an opportunity to show prospective employers what they can do in the workplace, while gaining valuable work skills and experience.
- These young people are unemployed for at least six months and haven't been able to get a job.

- The internship is a work experience opportunity that gives a job seeker the chance to test their suitability for future employment.

How is this form of work legal? Does it comply with the Fair Work Act?

- The internship is not work, it is work experience. There is no legal definition of an internship. The Fair Work Ombudsman provides the following definition of an internship on their website, but this is not legal definition:
 - A method of on-the-job training with a company. The intern is not paid as long as the person isn't actually in an employment relationship.
- Like other work experience programs, such as the National Work Experience Programme, internship participants will not be employees for the purposes of the Fair Work Act. In particular, this is because the Social Security Act provides that people will not be employees for the purpose of that Act merely because they are undertaking an activity under their Employment Pathway Plan.
- No legislative change is needed to exempt the internships from the coverage of the Fair Work Act because:
 - The Employment Services Reform Bill (2008) amended 631C of the Social Security ACT to provide that from July 2009 Approved Programs of Work and any other activities included in an Employment Pathway Plan did not give rise to an employer/employee relationship.

Why do we need these initiatives?

- Employers and representative organisations such as the Business Council of Australia and Australian Chamber of Commerce and Industry consistently state that young people need to improve their employability skills and to have recent work experience.
- Australian Bureau of Statistics data show that more than 100,000 unemployed young people aged 15-24 have never worked before.

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- Job seekers that undertake work experience are more likely to find sustainable employment. The Department's administrative data for December 2014 showed that of the job seekers that undertook unpaid work experience, 48.6 per cent were in employment three months later compared to 26.0 per cent for other activities.

What are the benefits for young participants?

- Training will run intensively for two blocks of three weeks each.
- The first block of training will focus on pre-employment skills and preparing job seekers to meet the needs of employers.
- The second block of training will sharpen job seekers' understanding of the labour market so they can identify and pursue sustainable employment opportunities. It will focus on advanced job hunting skills, job preparation, career development, interview skills and industry awareness.
- The training will be industry endorsed and hands-on, to make young job seekers more competitive in the labour market.

What protections will be in place to prevent employers from abusing the program including displacement?

- The job seeker is not an employee and therefore the Fair Work Act and other employment laws do not apply. The job seeker's participation in an internship placement does not change that.
- However, protections from exploitation will be included in the program. For example, policy detail, deeds and agreements will ensure protections for both the job seeker and employer.
- There will also be regular monitoring by the department and provider to ensure requirements/conditions are adhered to.
- Employers that participate in the Internship program must be able to show real prospects of ongoing work, and there will be safeguards to ensure that existing workers are not displaced.

- The program sets a maximum duration (12 weeks) and number of weekly hours worked in a placement (25 hours).
- Internships will be voluntary for both business and job seekers and will be co-designed by them to ensure placements meet both their needs.
- The Government will closely monitor the way employers use the program to ensure they are not exploiting or 'churning and burning' job seekers — employers who are exploiting job seekers will be blocked from using the program.
- Employment Services Providers will also be responsible for brokering internship placements and ensuring places are consistent with program guidelines. This includes the safety of job seekers.
- Although internships are not an employer/employee relationship, businesses have a duty of care to provide a safe work environment, and appropriate supervision for job seekers undertaking Internships. This includes ensuring compliance with applicable state and territory occupational health and safety legislation.

Will young remote Indigenous job seekers be eligible for the jobactive PaTH initiatives?

- Of the approximately 115,000 Indigenous job seekers in employment services around 76,000, or two-thirds, are being supported by *jobactive*. A further 29,000 are participating in the remote Community Development Program and 9,000 in Disability Employment Services.
- Young Indigenous job seekers in *jobactive* will be able to benefit from the *jobactive* PaTH.
- The Internship program is also available to young job seekers in Disability Employment Services.
- Remote jobseekers have enhanced access to work experience as part of the reforms to the Community Development Programme introduced on 1 July 2015. The Government has introduced legislation into the Parliament that will build on these reforms and significantly strengthen incentives to work in remote areas.

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How will the \$200 additional “top up” per fortnight be treated by the ATO?

- We have introduced legislation to ensure the \$200 incentive will be exempt from income testing for income support purposes.
- The tax treatment of the \$200 incentive will depend on the individual’s circumstances.

When participants are in the workplace undertaking an internship, what workplace insurance will they be entitled to?

- Job seekers will not be covered by the employer’s workers compensation insurance, but they will be able to make a claim under the Department’s personal accident insurance policy if they suffer an injury during the course of the placement.
- Businesses also have a duty of care to provide a safe work environment and appropriate supervision for job seekers undertaking internships. This includes ensuring compliance with applicable state and federal work health and safety legislation.

Why do we need the wage subsidies?

- Employers and industry groups have consistently stated that wage subsidies must be of high enough value to make them worthwhile.
- Wage subsidies are an effective tool for supporting disadvantaged job seekers to get a foothold in the labour market.
- Surveys of employers who received an Employment Pathway Fund wage subsidy show that in 70 per cent of the cases, the subsidy meant job seekers got jobs they would not have gained otherwise, or employees received better employment conditions, such as more hours.

For more information, visit:
employment.gov.au/path



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