



Youth Employment Package

The Government's national plan for economic growth and jobs will facilitate the economy's transition to broad based growth over the next decade and beyond.

The Government is ensuring that we have the right economic plan to respond to risks and harness exciting opportunities.

The \$840.3 million Youth Employment Package provides an enterprising new approach to youth employment, and will help up to 120,000 vulnerable young people over four years take advantage of job opportunities as the economy diversifies and transitions to broader-based growth.

The Youth Employment Package will help give young people the employability skills that employers want, opportunities for work experience and the support to move from welfare to work.

As Australia transitions from the mining investment boom to a more diversified economy, jobs are being created in more employment intensive sectors.

This rebalancing presents a rare opportunity to promote young Australians into growing sectors of the economy that have a strong preference for younger workers, where their skills and attributes can be utilised.

Priority Investment Approach to Welfare (Try, Test and Learn Fund)

The Government's new \$96.1 million 'Try, Test and Learn Fund' (the Fund) will finance innovative policies to help people move off welfare to employment. This approach aims to ensure that the Government funds programmes that actually deliver outcomes and cease or reform programmes that are shown to be ineffective.

The Fund is based on the \$33.7 million 'Investment Approach to Welfare' actuarial analysis provided for in the 2015-16 Budget. The actuarial and other analysis is helping the Government identify groups at risk of long-term welfare dependency. Supporting more young people into work will improve their wellbeing while also helping to reduce the costs of long-term welfare dependency. For example, if a person stays on a Newstart or Youth Allowance (Other) payment for two years, on average they will remain on a working-age payment for another five to six years.

The Government's innovative Youth Jobs PaTH (Prepare-Trial-Hire) Programme will help young job seekers to move off welfare and into employment.

The Government is seeking to improve employment outcomes for Australia's young people and make it easier for them to enter the workforce. We want to offer young Australians the broad range of personal and financial opportunities that come with having a job – the independence, the experience, the self-esteem, and the skills development.

Persistent high levels of youth unemployment remain a social and economic constraint on our future prosperity. Young people are more susceptible to long-term unemployment and therefore at risk of welfare dependence.

While there has been a welcome reduction in the youth unemployment rate under this Government, it remains unacceptably high.

The Turnbull Government recognises that young people, due to their lack of experience, often have difficulty getting the start they need in the workforce.

More can be done to help young people who are finding it hard to get into the workforce. Young Australians need the right assistance and encouragement to learn new skills, become job ready, get a job, and stay in a job.

The Turnbull Government has drawn together feedback from business, the preliminary findings of the Investment Approach actuarial analysis, international best practice and domestic experience to design an innovative Youth Jobs PaTH (Prepare-Trial-Hire) Programme that will make a difference.

The pathway will encourage employers to hire young people by enhancing their employability, providing them real work experience, and increasing incentives for employers to take them on. The programme will also help to incentivise and instil confidence among vulnerable young people to make the transition into employment.

Prepare – Trial – Hire (“PaTH”)

The Government's innovative Youth Jobs PaTH (Prepare Trial-Hire) Programme will help young job seekers to move off welfare and into employment.

The programme provides a three stage pathway to work that responds to business' calls for a programme to lift young people's employability and provide them

with real work experience. The three stages of the Youth Jobs PaTH are:

1. Prepare - employability skills training;
2. Trial - an internship placement of up to 12 weeks with financial incentives to participate for both businesses and job seekers; and
3. Hire - more accessible and increased wage subsidies for youth.

These new arrangements will help make young people more competitive in the labour market and provide enhanced incentives for employers to take them on.

Youth Jobs PaTH

Stage 1: Employability skills training

To help young people gain a foothold in the labour market, from 1 April 2017, young job seekers will participate in intensive pre-employment skills training within five months of registering with *jobactive* (unless extenuating circumstances exist).

The first three weeks of training will focus on skills such as working in a team, presentation, and appropriate IT skills. A further three weeks of training will centre on advanced job preparation and job hunting skills.

Youth Jobs PaTH

Stage 2: Internship placement

The Government will introduce up to 120,000 internship placements over four years to help young job seekers who have been in employment services for six months or more gain valuable work experience within businesses.

Job seekers and businesses, with the help of employment services providers, will be able to work together to design an internship placement of 4 to 12 weeks duration, during which the job seeker will work 15 to 25 hours per week. Participation in an internship will be voluntary for both job seekers and businesses.

In addition to gaining valuable hands on experience in a workplace, job seekers will receive \$200 per fortnight on top of their regular income support payment while participating in the internship.

Businesses that take on interns will receive an upfront payment of \$1,000, and will also benefit from the opportunity to see what a young worker can do and how they fit in to the team before deciding whether to offer them ongoing employment.

Youth Jobs PaTH

Stage 3: Youth Bonus wage subsidy

Stage three of the new Youth Jobs PaTH provides increased and streamlined wage subsidies for youth.

From 1 January 2017, Australian employers will be eligible for a Youth Bonus wage subsidy if they hire a young job seeker who has been in employment services for six months or more.

The most job ready job seekers will attract a wage subsidy of \$6,500. A larger \$10,000 wage subsidy will be available to businesses that employ job seekers with barriers to employment. Businesses will have the flexibility to employ young job seekers either directly, through labour hire arrangements, or combined with an apprenticeship or traineeship.

As part of these reforms, existing wage subsidies (including those for youth, parents, Indigenous and mature age workers, and the long term unemployed) will be streamlined, making them easier for employers to access.

Wage subsidy arrangements will be simplified and made much more flexible for employers to access and use.

- Wage subsidies will be available to employers from day one of a job seeker's employment.
- Employers will have flexibility to choose how often instalments are paid (fortnightly, monthly, or some other arrangement) and over what time period.
- Wage subsidies will be paid out sooner over six months rather than 12 months.
- Wage subsidies will be paid more simply at a flat rate instead of pro-rated instalments.
- Employers will have up to 12 weeks to decide to enter a wage subsidy agreement, instead of the current 28 days.

New Economy Jobs

The Government recognises that the rebalancing from capital intensive industries presents less structured and more complex transitions for school leavers.

The transition to a more diversified economy will present opportunities for higher skilled jobs.

In our new agile and innovative economy, highly entrepreneurial flexible firms and mindsets proliferate. Opportunities for enterprise are becoming open to people at every income level and young people have the skills, knowledge and attitude to capitalise on this.

The Government will encourage young people to start their own businesses by fostering their innovation and interest in self-employment.

Youth Innovation and Self-Enterprise

In addition to creating the Youth Jobs PaTH, the Government is investing an extra \$88.6 million in supporting those job seekers, including young people, who wish to start their own business. This complements the Government's National Innovation and Science Agenda and will help more Australians capitalise on the opportunities presented by Australia's economic transition.

Building on the success of the New Enterprise Incentive Scheme (NEIS)

From 1 December 2016, eligibility for the highly regarded NEIS will be broadened to allow access to self-employment training and mentoring for job seekers who are not on income support. The Government will provide funding for an additional 2,300 NEIS places each year, making a total of 8,600 places available annually.

The NEIS will continue to provide eligible job seekers with small business accredited training, mentoring and business advice for up to 52 weeks.

The Government's National Innovation and Science Agenda recognises the importance of innovation and the ideas boom, especially for young Australians in the new economy.

Australia's future growth and prosperity relies on having a sufficient workforce to fill the jobs of tomorrow. To do so we need to increase workforce participation, especially by supporting young Australians to get and keep jobs.

Self-Employment for Young Australians

The Government will establish new 'Exploring Being My Own Boss' workshops to engage job seekers to explore self-employment.

To help young people to develop their innovative ideas into successful businesses, Self-Employment Starter Packs will also be introduced. These will contain information on the services available to support job seekers to establish a business.

Finally, Inclusive Entrepreneurship Facilitators will be appointed in selected locations with high youth unemployment. Facilitators will help bring together available services and programmes (such as *jobactive*, NEIS, microfinance services, and start-up incubators). They will also provide practical assistance including help accessing local mentors, business partners, finance, office space, equipment and ongoing business development training.

Continuing to Help Young Australians

For many young Australians, growing up in an environment of welfare dependency and long-term unemployment places them at greater risk of also falling into long-term unemployment. These young people have not had the grounding in employment nor the role models to experience and observe the benefits of having a job or to understand what's required to get and stay in a job.

The Government is committed to helping these young people to understand what is expected in the workplace and to develop the skills, attitudes and behaviour expected by employers.

The Government is continuing to invest in initiatives to improve the work-readiness of young people who don't have a connection to the workplace. For too long, too many young Australians have become caught in the youth unemployment trap, where the longer you're unemployed, the more you need a job to get a job.

The measures in the 2016-17 Budget build on the \$330 million Youth Employment Strategy announced in the 2015-16 Budget, which introduced:

- a \$212 million Youth Transition to Work programme to assist young people who have disengaged from work and study and are at risk of long-term welfare dependence;
- \$106 million intensive support trials for vulnerable job seekers, including disadvantaged young people with mental health concerns and vulnerable young migrants; and
- \$14 million for an Early School Leaver policy to help improve education outcomes for early school leavers by ensuring they are working or studying.

This Government will not give up on Australia's youth, and instead sees them as Australia's future.