



# BUDGET

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2015

Growing  
**Jobs and Small Business**

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# The right time for business to invest

## We are creating the right environment at the right time to invest

Australia has now experienced almost a quarter century of continuous economic growth.

The resources boom lifted growth in living standards. Average income levels have risen from around \$40,500 (in today's dollars) in the early 1990s to around \$66,400 today.

The outlook for the Australian economy remains positive. Ours is one of the fastest growing economies in the developed world. The fundamentals are solid with a lower exchange rate, lower petrol and electricity prices and rising household wealth.

The economic strength of Asia and ever-growing integration of the global economy present exciting opportunities for Australian businesses. These future growth opportunities are boosted by our recent historic Free Trade Agreements with Japan, Korea and China, all creating new markets for Australian businesses.

The Government knows that now is the right time for business and Government to invest in Australia's future. Australians have to be positioned to take advantage of these opportunities.

We know from the Intergenerational Report that future growth in living standards must be driven by higher levels of Australian productivity right across our nation.

With record low interest rates, we have monetary and fiscal policy working together to support and strengthen economic growth.

The Government's Jobs and Small Business package will create the right conditions for Australian small businesses to thrive and grow. It will help employers create new jobs and assist Australia's unemployed to access these jobs.

### Now is the right time for small businesses to invest in growth and jobs

Lower petrol and electricity prices 

New Free Trade Agreements 

Record low interest rates 

Lower exchange rate 

Growing Asian economies 

# The engine room of the Australian economy

## Small businesses drive growth and create jobs

We want to ensure Australia is the best place to start and grow a business. The best way to create jobs is to build a strong, prosperous economy that encourages business confidence.

96 per cent of all Australia's businesses are small businesses, employing over 4½ million people and producing over \$330 billion of our nation's economic output per year.

We know the hard working women and men of Australian small businesses are the engine room of our economy. In 2013-14 Australians started over 280,000 small businesses.

There is no doubt small business is at the forefront of Australia's jobs and growth; and the Coalition is delivering for small businesses now and into the future.

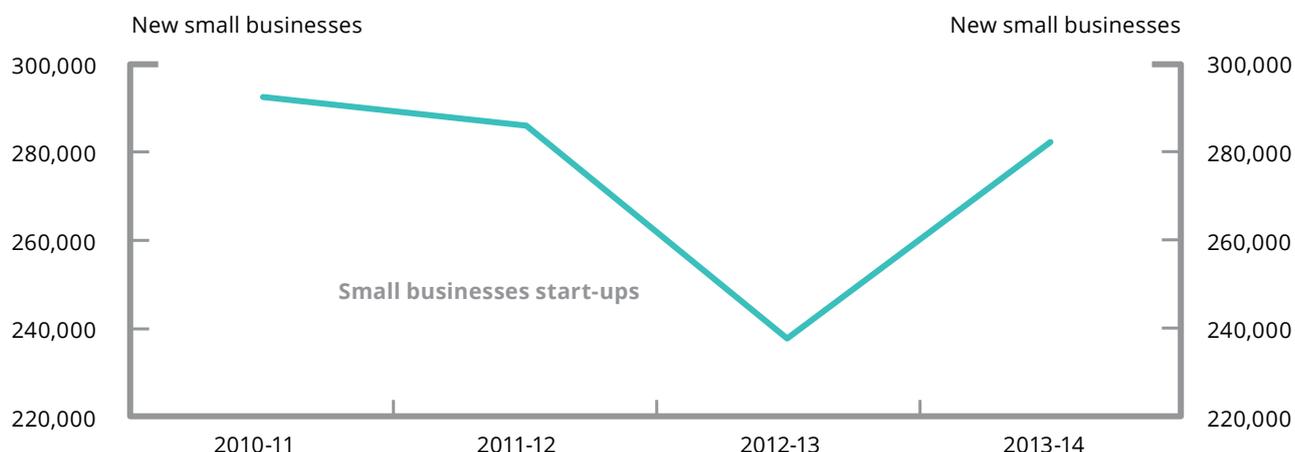
**The new \$5.5 billion Jobs and Small Business package is the biggest small business package in our nation's history.** It builds on what we have already achieved for small businesses and will help small businesses invest more, grow more, and employ more.

The package includes tax cuts for all Australian small businesses, to encourage investment and growth.

Australians are well known for their enterprising spirit and their willingness to have a go. With this in mind the package also includes measures that will reduce even more red tape and promote start-ups and energise entrepreneurship.

Helping more small businesses become profitable, sustainable and competitive will ensure they are in the best position to hire new employees, providing more jobs, including for Australia's youth and older workers.

### 2013-14 saw strong growth in Australian small business start-ups



# Jobs & Small Business achievements to date

The Government is creating the right environment for the over two million small businesses across Australia.

Since the Coalition came to office, around a quarter of a million new jobs have been created.

Company registrations reached a record high in 2014.

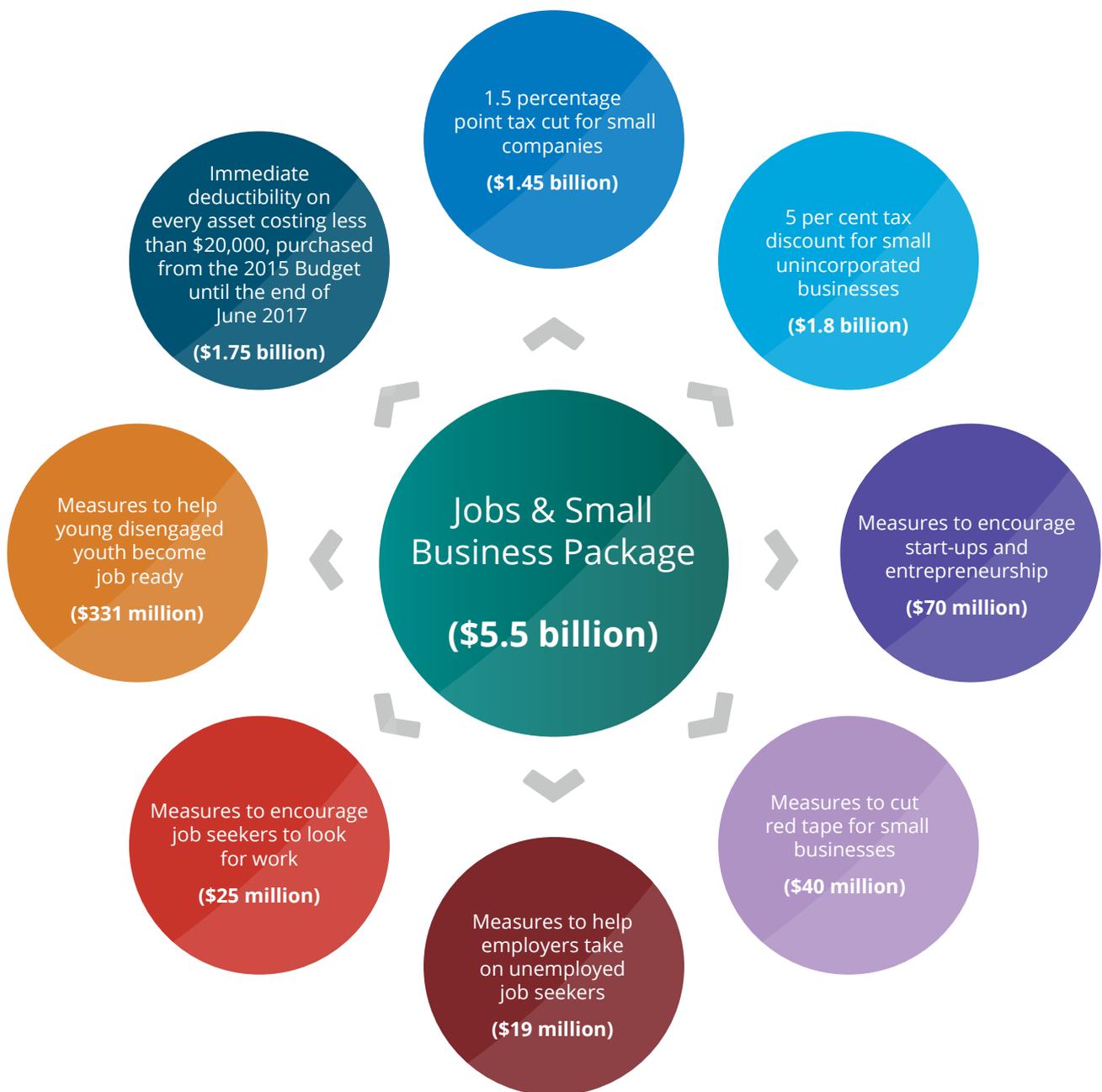
Over 280,000 new businesses were established during 2013-14.

The Government is working to support jobs and small business. We have:

- ✓ Repealed the Carbon Tax
- ✓ Repealed the Mining Tax
- ✓ Agreed Free Trade Agreements with China, Korea and Japan
- ✓ Announced \$2.45 billion in annual red tape savings
- ✓ Established the \$484.2 million Entrepreneurs Infrastructure Programme
- ✓ Created new employment opportunities through a \$50 billion commitment to transport infrastructure
- ✓ Established a new \$6.8 billion *jobactive* employment services package, commencing 1 July 2015
- ✓ Delivered a comprehensive reform package for the VET sector
- ✓ Introduced Restart – a wage subsidy to help Australians aged over 50 to find employment
- ✓ Established the Small Business and Family Enterprise Ombudsman
- ✓ Expanded tax concessions for Employee Share Schemes
- ✓ Begun to introduce changes to support crowd-funding
- ✓ Extended unfair contract term protections to small business

We want to ensure Australia is one of the best places in the world to start and grow a business. The Jobs and Small Business package delivers further measures that will energise enterprise and help Australians into jobs.

# The Jobs & Small Business package



This is the biggest small business package in Australia's history.

At the heart of the package are tax cuts for all small businesses with annual turnover under \$2 million.

Small businesses will be able to immediately deduct each and every asset costing less than \$20,000 that they buy between Budget night and end June 2017.

Other small business measures will reduce red tape and encourage entrepreneurship.

There are also measures to help employers take on unemployed job seekers and to help young disengaged youth become job ready.



**Budget 2015**

Charlotte has an idea for a new cafe

Able to immediately write off each and every asset costing less than \$20,000 she buys for her café – tables, chairs, coffee machine, fridge

Business registration is streamlined

A 5 per cent tax discount on her business income (as an unincorporated business with annual turnover of less than \$2 million)

Immediate deductibility of professional expenses associated with starting up the business



Access support through *jobactive* to find the right staff quickly

Moves from being a sole trader to a trust – gets CGT rollover relief so no CGT liability at that time

Brings in a local teenager, Paul, for work experience, then gets a wage subsidy as Paul settles into the business



# Growing Charlotte's Cafe

# Tax cut for small companies

The Government will **cut company taxes by \$1½ billion over the next four years** to provide incorporated small business with much needed tax relief.

This historic small business company tax cut is a key component of the Jobs and Small Business package.

**The Government is reducing the tax rate for the more than 90 per cent of incorporated businesses with annual turnover under \$2 million. The company tax rate for these businesses will be reduced by 1.5 percentage points to 28.5 per cent.**

New company registrations in the last financial year were the highest on record. This measure will help all new and existing small companies grow and thrive.

Up to **780,000** incorporated small businesses will be eligible for a tax cut as a result of this initiative.

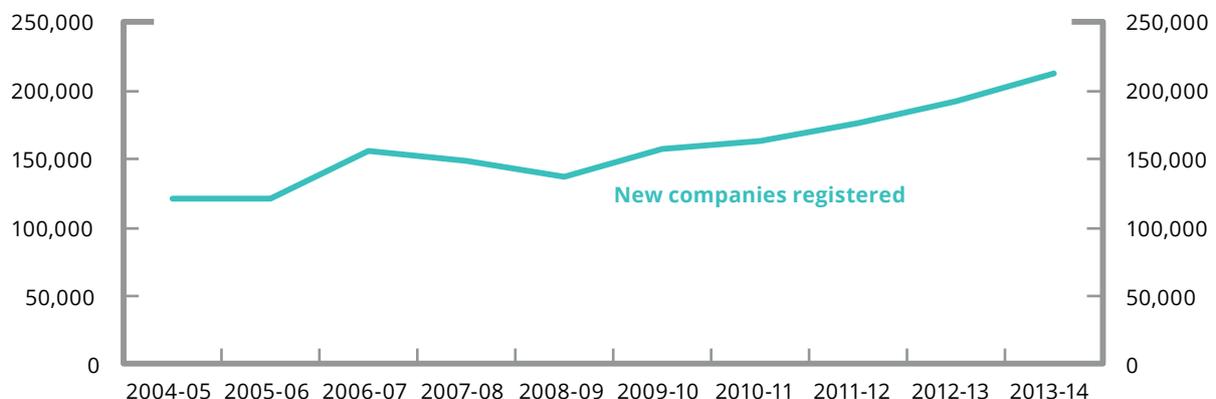
Reducing the rate of company tax will improve the cash flow of incorporated small business and increase their capacity to engage in the economy.

The tax cut will apply from 1 July 2015, meaning companies with Pay-As-You-Go instalments can benefit from their first payment after 1 July 2015.

The franking credit rate will be unchanged at 30 per cent, which means incorporated small business owners will pay less tax, providing certainty for investors such as self-funded retirees.

While the tax rate for companies with a turnover of \$2 million or more will remain at 30 per cent, the lower small company tax rate is a first step in the Government's commitment to deliver taxes that are lower, simpler and fairer through the Tax White Paper.

**In 2013-14 new company registrations were the highest on record**



## How this will help companies

### Company with annual turnover under \$2 million

Virginia runs an agriculture advisory service in western New South Wales.

Virginia's business has annual turnover of \$1.3 million and has a taxable income of \$200,000.

## *Small businesses will face their lowest company tax rate since 1967*

#### **Current law**

Under the current law, Virginia's business faces a company tax rate of 30 per cent, and her business pays \$60,000 income tax.

#### **New law**

Under the new law, Virginia's company tax rate goes down to 28.5 per cent, and her business pays \$57,000 income tax.

#### **Benefit**

Virginia's business will be \$3,000 better off under the new law.

	Current law	New law
Turnover	\$1,300,000	\$1,300,000
Taxable income	\$200,000	\$200,000
Tax paid	\$60,000	\$57,000
<b>Benefit</b>		<b>+\$3000</b>

#### **PLUS other taxation benefits**

As a small business owner, Virginia may also be eligible for a range of other taxation benefits including:

- concessions on capital gains tax
- accelerated depreciation (see pg 11)
- simplified accounting and reporting arrangements
- immediate deduction for certain pre-paid business expenses
- option to account for GST on a cash basis
- option to elect for annual apportionment of some GST input credits
- option to pay GST by quarterly instalments
- PAYG instalments based on GDP-adjusted notional tax

# Tax discount for unincorporated businesses

In Australia, most small businesses are not incorporated businesses, and they do not pay the company tax rate.

Instead, many small businesses across our country operate as a sole trader, as a partnership or as a trust.

**To help all Australian small businesses grow, the Government will also provide a 5 per cent tax discount to unincorporated businesses with annual turnover less than \$2 million from 1 July 2015. This delivers a tax cut of \$1.8 billion over the next four years.**

This tax cut is broadly in line with the 1.5 percentage point tax cut for small incorporated companies.

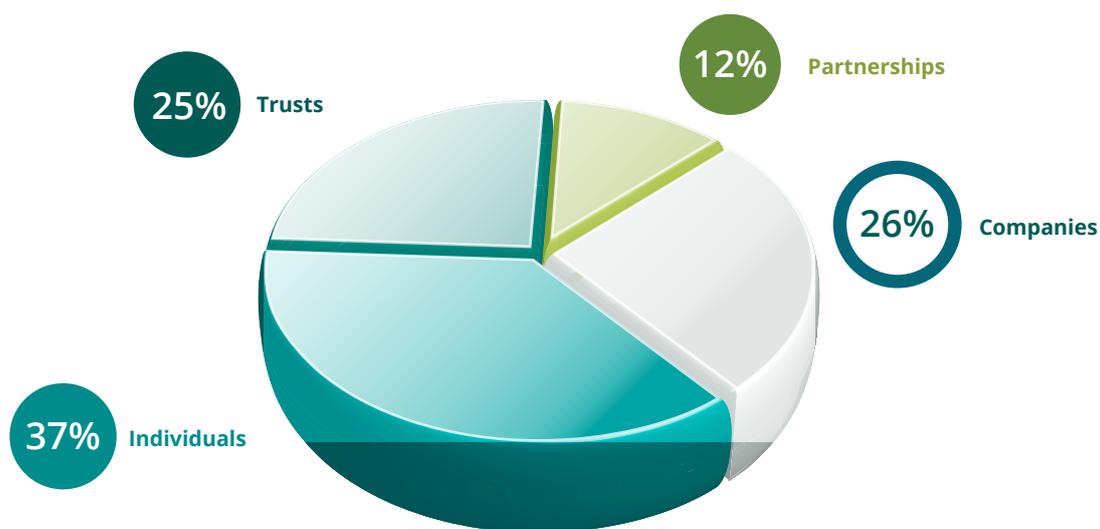
This means individual taxpayers still calculate their business and personal income in the same way, and then they get a 5 per cent discount on the tax payable on their business income.

**The discount will be capped at \$1,000 per individual in an income year**, and it will be delivered as a tax credit in their tax return.

This tax cut for unincorporated business entities will put money back in the hands of small business operators, so they can reinvest to grow their business and employ new staff.

A thriving small business sector means a thriving economy to benefit all Australians.

**Most Australian small businesses are unincorporated**



*All individuals with income from a small unincorporated business will receive an annual tax discount of up to \$1,000*

## How this will help unincorporated small businesses

### Small business (annual turnover under \$2 million)

Ashley is a Victorian Angus cattle farmer running her farm as a sole trader.

Ashley's cattle farm has an annual turnover of \$300,000 and taxable income of \$75,000. This is her only income.

#### Current law

Under the current law Ashley pays tax at her marginal tax rates and pays around \$16,000 in total.

#### New law

Under the new law Ashley's \$16,000 tax bill on her business income is reduced by 5 per cent, or \$800. While there is no change in her tax rate, under the new law Ashley pays only \$15,200 tax.

#### Benefit

Ashley is \$800 better off than she was before this tax cut. With the five per cent tax discount, Ashley has an extra \$800 to spend on her business.

	Current law	New law
Turnover	\$300,000	\$300,000
Taxable income	\$75,000	\$75,000
Tax paid	\$16,000	\$15,200
<b>Benefit to Ashley</b>		<b>+\$800</b>

### PLUS other taxation benefits

As a small business, Ashley's cattle farm may also be eligible for a range of other taxation benefits including:

- accelerated depreciation (see pg 11)
- small business concessions on capital gains tax
- simplified accounting and reporting arrangements
- immediate deduction for certain pre paid business expenses
- option to account for GST on a cash basis
- option to elect for annual apportionment of some GST input credits
- option to pay GST by quarterly instalments
- PAYG instalments based on GDP adjusted notional tax

Farmers will be able to immediately deduct fencing and water facilities and deduct fodder storage over three years.

# Accelerated depreciation

**All small businesses will get an immediate tax deduction for any individual assets they buy costing less than \$20,000. (Currently, the threshold sits at \$1,000).**

**This \$20,000 limit applies to each individual item. Small businesses can apply this \$20,000 rule to as many individual items as they wish.**

**These arrangements start Budget night and continue until the end of June 2017.**

Increasing the depreciation threshold will mean improved cash flow for small businesses. It will encourage them to bring forward investment in the assets they need to grow their business and service their customers.

The new threshold will also mean small businesses spend less time tracking assets across years for tax purposes. This cuts more red tape and allows business owners to focus on running and growing their business.

Any assets over \$20,000 can be added together ('pooled') and depreciated at the same rate. These assets are depreciated at 15 per cent in the first income year, and 30 per cent per year thereafter.

If the value of the pool is below \$20,000 it can be immediately deducted until the end of June 2017.

The Government has consulted widely and listened to the concerns of small business. Time and time again the issue of accelerated depreciation arose as a barrier to investment. This measure addresses the concerns of the small business community.

This temporary jump in the threshold will support small businesses to invest in new assets which will help them grow and prosper into the future.

**Small businesses will get an immediate tax write off for all assets costing less than \$20,000**

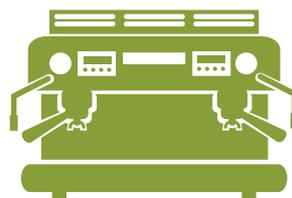
Immediately deductible



\$12,478



\$13,750



\$16,400



\$6,849

## How this will help Australian small businesses

### Small business with annual turnover of less than \$2 million

Sam owns and operates a small bakery, which he runs as a company in a country town in north Queensland.

Sam purchases a new rack oven for \$13,750 and a new proofing cabinet for \$3,500 to replace his old, worn-out equipment.

#### Current law

Because these assets each exceed the current \$1,000 threshold, they would be included in the accelerated depreciation 'pool'. Of their combined \$17,250 cost, only 15 per cent, or \$2,588, would be depreciated in the first year.

With a company tax rate of 30 per cent, this means that Sam's company would only get \$776 back on its tax in the first year.

#### New law

Under the new \$20,000 threshold, Sam's company will be able to claim an immediate deduction for both the new rack oven and the new proofing cabinet, giving an immediate deduction of \$17,250.

With the new small business company tax rate of 28.5 per cent from 1 July 2015, Sam's company will get \$4,916 back on its tax.

#### Benefit

Under the new \$20,000 threshold for accelerated depreciation, Sam's company will receive an additional cash flow benefit of \$4,140.

*Small businesses will get an immediate deduction for each asset costing under \$20,000*

	Current law	New law	Additional Benefit
Depreciation deduction	\$2,588	\$17,250	+\$14,662
Cash flow benefit *	+\$776	+\$4,916	+\$4,140

\*cash flow benefit equals depreciation times the tax rate. Sam also benefits from the reduction in the tax rate for small companies, from 30 per cent under the current law to 28.5 per cent under the new law.

### PLUS other taxation benefits

As a small business, Sam may also be eligible for a range of other taxation benefits including:

- small business concessions on capital gains tax
- simplified accounting and reporting arrangements
- immediate deduction for certain pre-paid business expenses
- option to account for GST on a cash basis
- option to elect for annual apportionment of some GST input credits
- option to pay GST by quarterly instalments
- PAYG instalments based on GDP-adjusted notional tax

# Cutting red tape

## Cutting red tape gives small businesses more time and money to grow and invest

Small business has told the Government that a key impediment to growth is unnecessary red tape and regulation.

As of March 2015, the Government has announced reforms to generate more than **\$2.45 billion** in annual red tape savings for Australians.

These reforms include changes to the entry thresholds for Pay-As-You-Go instalments, benefiting 447,000 small businesses.

To build on the Government's reforms to date, the Jobs and Small Business package provides key, additional red tape cuts so that small businesses will have more time to focus on growing and developing new ideas.

Cutting red tape is particularly important for small businesses because they experience a proportionately larger regulatory burden than larger businesses in the same industry.

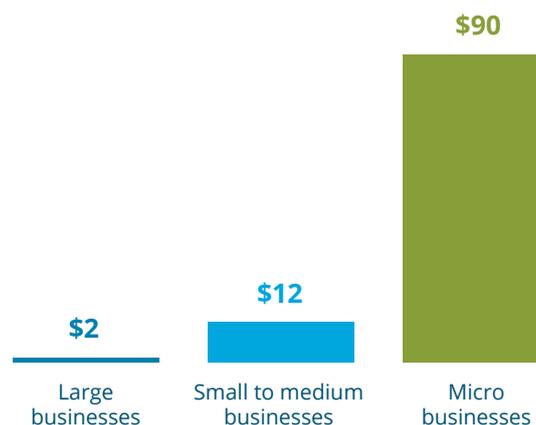
**The Government will reduce red tape within the Fringe Benefits Tax (FBT) system** by expanding the FBT exemption for work-related portable electronic devices. This will help small business employees stay connected in the digital economy.

**Small businesses will also benefit from Capital Gains Tax rollover relief when changing their legal structures but keeping the same owners.** That means that new businesses that discover they are using a legal structure that does not suit their needs are not stuck with that structure forever. This reduces risk and complexity and makes it easier for businesses to grow.

The Government will release a **consultation paper on potential changes to the Corporations Act to reduce any unnecessarily burdensome or restrictive regulatory requirements for small businesses.** This will make it easier for new and existing small business to operate as a company.

### Small businesses are faced with a disproportionately higher red tape burden

Tax compliance costs per \$1,000 turnover



# Changes to the Fringe Benefits Tax system

## Small business

Darren owns a small web-design business in inner city Melbourne. He has five employees, each of whom he provides with both a laptop and a tablet, for work-related use.

### Current law

Under the current law, Darren may be unable to obtain an FBT exemption for both a laptop and a tablet, as both devices could be considered to have substantially identical functions.

In that case, Darren would have to pay Fringe Benefits Tax on one of the devices.

### New law

Under the new law, it will be clear that Darren will be able to obtain an FBT exemption for both the tablet and the laptop.

All work-related portable electronic devices will be FBT free.

## *Making it easier to access the FBT exemption for portable electronic devices*

### Benefit

The new law improves certainty and reduces red tape around the FBT law.

Under the new law, Darren will not be liable to pay FBT on either device, saving him time and money which he can use to reinvest and grow his business.

An FBT exemption will be allowed for small businesses providing their employees with multiple work-related devices, even where the items have substantially similar functions.

As a small business, Darren may also be eligible for a range of other taxation benefits including:

- tax cut for small companies (see pg 7)
- tax discount for unincorporated businesses (see pg 9)
- accelerated depreciation (see pg 11)
- small business concessions on capital gains tax
- simplified accounting and reporting arrangements
- immediate deduction for certain pre-paid business expenses
- option to account for GST on a cash basis
- option to elect for annual apportionment of some GST input credits
- option to pay GST by quarterly instalments
- PAYG instalments based on GDP-adjusted notional tax

# Encouraging start-ups & entrepreneurship

## Today's start-ups and entrepreneurs will help fuel investment and jobs into the future

Australia is a nation of entrepreneurs.

Our nation proudly has a larger proportion of the population starting a small business than almost any other developed country in the world. In 2013-14, there were over 280,000 new small businesses in Australia.

This package provides a helping hand to start-ups and will help energise enterprise across the country.

To further boost entrepreneurial endeavour, start-ups will be allowed to **immediately deduct professional expenses incurred when they start a business**, such as legal expenses on establishing a company, trust or partnership; rather than writing them off over five years. This will provide immediate cash flow benefits for small business.

The Government is also making it easier to start a business by **streamlining business registration** processes.

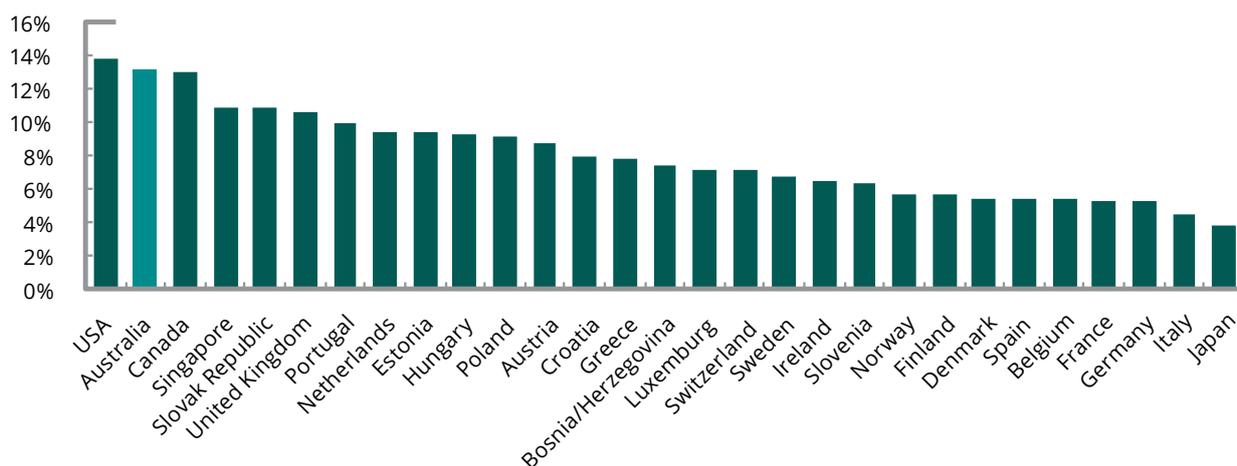
A single online registration site will be developed for business registration, including company registration. This site will be simple to use. It will provide all relevant information clearly and have integrated customer support.

From 1 July 2015, **expanded tax concessions for Employee Share Schemes** will enable employees to share in, and benefit from, the future growth and success of the business. It will also allow business owners to invest more of the company's cash in growing the business. This \$200 million investment in our future will generate rewards for our entire economy.

**Removing obstacles to crowd sourced equity funding** will help promote small businesses access to finance by increasing the availability of innovative sources of funding.

### Australians have a strong start up culture

Proportion of adult population starting or running a new business



# Streamlining business registration

## Planning to start a business

Jodie is intending to start up a new 3D printing business in Tasmania.

She has taken advice from her accountant, and decided to structure her business as a company.

Now she needs to get an Australian Business Number (ABN), register her company, consider registering a business name and sort out her GST and PAYG (withholding) requirements.

With the move to Streamlined Business Registration, Jodie will be able to log onto [business.gov.au](http://business.gov.au) and enter her contact details just once. This will take care of all these registration requirements in one single transaction.

Jodie will be issued with a secure login and an Australian Business Account to make it easy for her to interact online with a range of government agencies.

She can also check out whether there are any other Commonwealth or Tasmanian licences, or permits, she might need to get her new business up and running.

Jodie will no longer need an Australian Company Number or a Business Tax File Number for her business. Rather than having three different identification numbers to remember, she will just be able to use her ABN to interact with the Australian Taxation Office and the Australian Securities and Investments Commission.

## *Reducing the red tape associated with starting a small business*

Under the Streamlined Business Registration model, to be implemented by mid-2016, an individual planning to start a business will be able to log onto [business.gov.au](http://business.gov.au) and access:

- The Australian Business Licence and Information Service (ABLIS) to identify the government licences, permits, approvals and registrations required
- ABN registration
- Company registration
- Business name registration
- GST registration
- PAYG (withholding) registration
- Fringe Benefits Tax registration
- An Australian Business Account to provide an integrated business account with government
- Online payment for registration costs.

# Employee share schemes

## New start-up company

Olivia has an exciting idea to develop a new app, which she believes could become very popular and be used by people all over the world.

She needs to attract the best and brightest app developers from around the world to help her make her dream a reality. However, Olivia does not have a lot of money to pay the developers.

One way that Olivia can attract developers to work for her, without having to pay them large salaries, is by offering shares or options in her company through an employee share scheme. This will allow the developers to share in future growth and success of the company, while allowing Olivia to invest more of the company's cash in growing the business.

Shares and options issued under an employee share scheme form part of an employee's remuneration so are usually subject to income tax.

### Current law

Under the current law, the developers will generally have to pay income tax on any shares or options that Olivia provides to them at the time they receive those shares or options, even if they have not realised any financial benefit from them.

### New law – start-up concession

Under the new law the developers will not generally be liable to pay tax up-front on those shares or options.

This makes an employee share scheme more attractive to Olivia and her new developers.

### Current Law

- The default taxing point for shares and options issued under employee share schemes is when the employee receives those shares or options.
- For options, this often forces employees to pay income tax before they can take any action to realise a financial gain from the options, by converting them into shares and selling the shares.

### New Law (from 1 July 2015)

- The default taxing point for options will be changed so that employees will not generally have to pay income tax until they can realise a benefit from their options. This will benefit employees of all companies.
- Eligible start-up companies will also be able to offer shares or options to their employees at a small discount and have tax deferred until sale (for options) or the small discount exempt from tax (for shares).

*The Government is making it easier and more attractive for companies and their employees to participate in an employee share scheme*



## **Making it easier for companies to access innovative sources of funding**

### **Small company**

Rebecca owns a small proprietary company and is looking for some additional funding to develop her innovative new product.

After putting funds into the start-up phase, Rebecca and her family do not have additional money to invest.

Rebecca has talked to her bank about getting a loan, but is unhappy about the conditions of the loan.

## ***Making it easier for public companies to access innovative sources of funding***

Rebecca would like to investigate the option of crowd-sourced equity funding – obtaining funding online from a range of small interested investors.

### **Current law**

The current regulatory framework for companies makes it difficult for Rebecca to undertake crowd-sourced equity funding.

As a proprietary company Rebecca would have restrictions on the number of people she can access finance from.

One option would be to transition to a public company – but that would increase Rebecca's red tape, with new governance and disclosure obligations.

### **New Law**

The new law will remove the costly elements of transitioning to a public company, enabling Rebecca to more easily raise funds from a large number of small investors.

The new law will balance supporting investment, reducing compliance costs for small businesses and maintaining an appropriate level of investor protection.



Able to immediately write off each and every asset costing less than \$20,000 she buys for her business – computers, printers, office furniture

## Budget 2015

Alison has an idea for a new tech start up

Immediate deductibility of professional expenses associated with starting up the business

Easier to use an employee share scheme to attract the talent she needs

Business registration is streamlined





FBT exemption for all work-related portable electronic devices provided to staff



Lower compliance costs to use crowd-sourced equity funding to attract new investment and expand her company

A lower company tax rate of 28.5 per cent (as a company with annual turnover of less than \$2 million)

# Growing Alison's tech start-up



# Helping all Australians participate

## The ability to work and earn an income is a foundation of Australian life

The 2015 Budget provides **over \$330 million in targeted spending on new jobs initiatives** aimed at employers and young job seekers to support the transition to work. Incentives for employers will also help mature age job seekers back into work.

The Intergenerational Report outlines the need to drive economic growth by increasing participation in the workforce. This means we must find ways to help and encourage those outside the workforce to enter or return to work.

Since the Government was elected nearly a quarter of a million new jobs have been created.

The Government is getting the economic fundamentals right, reducing red tape and building confidence in the economy. We are creating the best conditions to support employers to create jobs and ensure that job seekers have the opportunities they need.

Young people in particular tend to have less education, skills and experience.

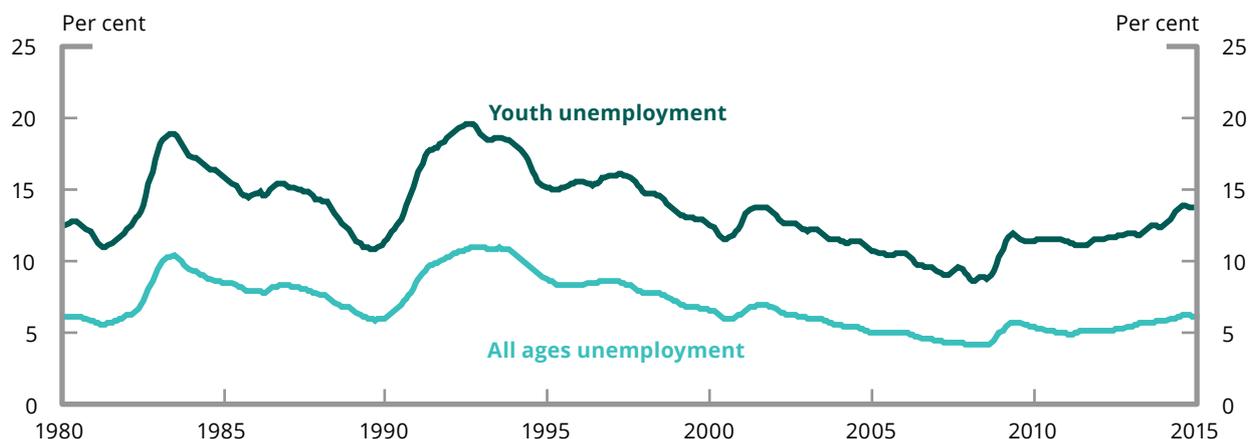
Many young people are still looking to get their foot in the door, whilst others have disengaged from education and work.

Action is needed to ensure these young Australians are not at risk of being long-term unemployed, welfare dependent and disconnected from society. This is especially the case for young Australians facing multiple barriers, including mental health concerns.

Many older workers also need support to remain in employment longer or to return to work if they choose.

The Government has announced the new *jobactive* employment services which improves services for job seekers and employers and is more focused on results. It will achieve this with a balance of obligations, incentives and assistance to help more job seekers into work.

### The Government is taking action to address the issue of youth unemployment



# Helping job seekers into work

## Reducing the costs for small businesses to employ job seekers

The Government is helping Australian small businesses to **create more work experience opportunities** for Australia's unemployed, particularly young people and older workers.

### Wage subsidies to support employment

Employers who then offer job seekers an ongoing job can receive a **wage subsidy with flexible payment arrangements**.

The Government will introduce greater flexibility to wage subsidy arrangements to help with upfront costs of hiring and training staff.

There will be a **\$1.2 billion national wage subsidy pool**. Employers will be able to access wage subsidies from the time the person starts the job.

Changes to Restart will also make it easier for small businesses to receive Government support when they employ older workers.

A new wage subsidy will be available for employers to take on parents who want to return to the workforce.

### Work experience for young job seekers

The Government will provide \$18 million over four years for around 6,000 job seekers annually to **undertake valuable work experience** for up to four weeks while they continue to receive income support.

### Connecting job seekers with small business employers



## Employing young job seekers

Nick runs a delicatessen in Perth.

His business is growing and Nick wants to hire a young person to help with serving customers, cleaning and setting up displays.

Nick is concerned that a young job seeker would take too long to train, which would be costly.

A *jobactive* organisation introduced him to Scott who is a young person wanting a chance to work.

Nick gave Scott the opportunity to do work experience for four weeks in the delicatessen.

Scott continued to get his income support payment while developing his skills and learning about the business from Nick.

At the end of the four weeks, Nick decided to hire Scott and was able to receive a total of \$6,500 in wage subsidy payments over 12 months.

## *Giving job seekers opportunities through work experience*

### National Work Experience

From October 2015, *jobactive* and Disability Employment Services organisations can place young job seekers into work experience.

Job seekers like Scott who are over 18 are able to:

- volunteer for work experience placements of up to 25 hours per week
- continue to receive their income support payment
- also receive a supplement of \$20.80 per fortnight, to assist with the costs of participating.

### Wage Subsidies

From November 2015, wage subsidy payments will be simplified and made more flexible.

- The amount and timing of payments will be negotiated between *jobactive* providers and employers
- For young people like Scott, they can negotiate a wage subsidy up to \$6,500 over a 12 month period.

Employers like Nick will have a greater incentive to offer job opportunities to young job seekers. Wage subsidies make it easier for employers to build a job seekers' skills and help them develop in a paid job.

# Reinvigorating Restart

## Mature age job seeker

David is a 53 year old job seeker.

David does not want to retire and has been actively looking for work since he lost his last job.

As a mature age job seeker David thought potential employers would value his previous work experience, but he has had difficulties finding a new job.

David has now been on income support for seven months.

David's *jobactive* organisation helped him get an interview with an employer who was interested in hiring mature age workers.

The *jobactive* organisation offered the employer access to the Restart Wage Subsidy if they made a commitment to employing David.

This subsidy helps David return to the workforce and get the ongoing employment he wants to continue to support his family.

By the time David has been with the company for over 12 months his employer will have received wage subsidy payments of up to \$10,000.

*A flexible wage subsidy will help mature age job seekers into employment*

## Restart eligibility

Restart is available for job seekers who are 50 years of age or older, and who have been unemployed and on income support for six months or more.

## Restart payment schedule

Under the new changes to the Restart programme, employers can access wage subsidy payments sooner. There is now greater flexibility for *jobactive* organisations and employers to negotiate a schedule for Restart payments of up to \$10,000 over a 12 month period. This has been reduced from 24 months.

For example:

- \$2,000 by 3 months employment;
- \$2,000 by 6 months employment;
- \$1,000 by 9 months employment;
- \$1,500 by 12 months employment; and
- \$3,500 Restart bonus after 12 months employment.

# Youth Employment Strategy

## Helping young Australians overcome challenges to participating in work and study

Young Australians need the right assistance and encouragement to learn new skills, become job ready, get a job, and stay in a job.

The Government will provide **over \$330 million to implement a Youth Employment Strategy**. We need to improve employment outcomes for Australia's young people and make it easier for them to enter the workforce. Otherwise, Australia risks losing too many to long-term unemployment.

The Jobs and Small Business package provides targeted support for groups of young people who are more susceptible to long term unemployment or are at risk of welfare dependence.

**A new \$212 million Youth Transition to Work programme will assist young people who have disengaged from work and study and are at risk of long-term welfare dependence.**

Community-based organisations will provide flexible and holistic support to help these young people find and maintain employment or take up an apprenticeship or traineeship.

This will be supplemented by **\$106 million for intensive support for key groups of vulnerable job seekers** including disadvantaged young people with mental health concerns and vulnerable young migrants.

We are focused on providing the right mix of services and support while encouraging young people to get and stay in a job.

**Current requirements for job seekers will be strengthened under the \$14 million Early School Leaver policy**, which helps improve education outcomes for early school leavers by ensuring they are working or studying.

### Driving better participation outcomes for Australian youth



*Helping young people to engage with work and study, learn new skills, and get the experience they need to find sustainable employment*

## How changes will help young job seekers

### Youth Transition to Work

James left school before completing Year 12, has never had a job and feels uncertain about his future.

James is at risk of long term unemployment and a life on welfare.

Under the Youth Transition to Work programme, local community-based organisations will be contracted to reach out to help young people like James to prepare for work or undertake an apprenticeship or traineeship.

Community organisations will be funded to help James build skills that will help him get a job.

James will receive individual assistance to help him address personal issues, and mentoring to help him understand and make decisions about his future career options such as undertaking training or an apprenticeship.

The community organisation will help James to develop the skills and behaviours needed by employers, such as the ability to work as part of a team.

As an early school leaver, James will be subject to the increased activity requirements announced in this Budget. He will need to undertake 25 hours per week of education or a combination of education and part time work to access regular government payments.

### Helping young people engage with work and study

The Government is providing \$212 million over four years to support disengaged young people and young job seekers to transition to work.

Community organisations with a track record of supporting youth will use their expertise to reach disengaged young people through various channels.

Community organisations will provide flexible and holistic support for disadvantaged young people to help them prepare for work or undertake training or education that leads to a job.

Disengaged young people like James could receive:

- intensive case management to overcome any personal barriers to education or employment
- one-on-one mentoring
- literacy and numeracy training
- communication skills development
- help to build confidence or to address personal issues.

Community organisations could also assist young job seekers to enter an apprenticeship or access the National Work Experience Programme and the youth wage subsidy.

# Moving job seekers into work

## Ensuring job seekers can find and keep a job

The Government is committed to ensuring that every Australian has the best chance to find and keep a job.

That is why we are providing intensive support to job seekers to help them overcome challenges and get sustainable employment.

There will be **support for parents to plan and prepare for employment** by combining arrangements that support their family commitments with activities aimed at maintaining their connection to the workforce.

To benefit fully from government support, it is important that job seekers make every effort to look for work.

New job search arrangements will help job seekers transition to employment and maintain the integrity of the social security system as a safety net for people who are most in need.

**A new four week waiting period for under 25 year olds** will set the clear expectation that young people must make every effort to maximise their chances of successfully obtaining work. This will replace the 2014-15 Budget measure 'Stronger Participation Incentives for Job Seekers Under 30'.

To encourage a 'work-first' approach amongst job seekers, the consequences of non compliance with job searching and other obligations will be more immediate and more consistently applied.

### Helping disadvantaged job seekers into work



# How changes will help parents

## Young parent

Jenny did not finish Year 12, and currently isn't undertaking paid work. She is a mother to a young child.

## *Helping parents to benefit from early employment support*

Although Jenny didn't finish year 12, she is looking forward to work and would like to get a job in IT.

Jenny will benefit from early employment support to help her create a positive future for her and her child.

Jenny will have help from a provider to develop a participation plan that sets out her future employment goals.

Jenny is told about the types of activities that will help her to meet these goals and prepare for employment in the future.

Parents can now prepare for employment by undertaking activities such as:

- enrolling in a training course
- sourcing a child care place
- school readiness support
- parenting or life skills support
- financial management assistance
- counselling
- participation in youth support programmes
- other activities can be agreed between parents and their *jobactive* organisation

Employers who offer a job to parents who have been on income support for more than six months will be eligible for a wage subsidy.

