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EMPLOYMENT WHITE PAPER MUST FOCUS ON GETTING MORE AUSTRALIANS INTO WORK OVER LAZY MIGRATION-ONLY APPROACH

“The failure to remove tax and red tape barriers stopping pensioners, veterans and students from working must be addressed as a priority in the federal government’s Employment White Paper to be released next week,” said Saxon Davidson, Research Fellow at the Institute of Public Affairs.

IPA research has shown that \$32 billion in wages is foregone each year as tax and red tape barrier stop willing and able pensioners, veterans and students from working more than as little as a day and a half a week.

“The federal government cannot achieve genuine full employment and ignite productivity growth while there are hundreds of thousands of Australians prevented from getting into work due to tax and red tape barriers,” said Mr Davidson.

“IPA analysis shows there is a pool of approximately 550,000 pensioners, veterans and students who would work if onerous tax and red tape barriers were not in place that punish them for seeking to make a contribution.”

In Australia today, there are over 431,000 job vacancies across the economy, an astonishing 235 per cent increase in the last three years, and a quarter of businesses cannot find the workers they need.

“Australia’s worker shortage crisis is preventing businesses from functioning at their full capacity, slowing down productivity and economic growth,” said Mr Davidson.

“With a forecast shortage of 252,000 homes over the next five years, and already failing social and economic infrastructure, Australia cannot rely on the same old lazy approach of unplanned mass-migration to fix worker shortages. We need to look to solutions in our own backyard.”

“If the federal government wants to achieve the stated aims of the Employment White Paper to grow wages, productivity and the economy, as well as fill skills needs while overcoming employment barriers, then removing barriers to get pensioner, veterans and students into work must be priority one.”

In December 2022, minor pensioner and veteran work bonus reform passed Parliament slightly increasing the amount they could earn before their benefits are reduced by 50 cents on the dollar, seeing them face an effective marginal tax rate of 69 per cent. These reforms sunset on 31 December 2023.

“Since these minor changes were enacted, job vacancies have only decreased by 3 per cent, and pensioners in the workforce have only increased by 0.2 per cent, which is a clear demonstration that comprehensive and permanent reform is needed once and for all,” said Mr Davidson.

Similarly, students on the Youth Allowance face an effective marginal tax rate of 79 per cent should they earn more than \$288 per week, equivalent to approximately two days on minimum wage, disincentivising Australians who need the experience of work the most.

“Removing all the tax and red tape barriers preventing Australian pensioners, veterans and students from getting into the workforce is a simple and effective policy measure that is a win for business, the economy and most importantly for Australians who want to work,” said Mr Davidson.

To download the IPA’s research [click here](#).

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