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25 September 2023

## EMPLOYMENT WHITE PAPER A COP OUT

“Making permanent the minor changes to the pension work bonus scheme is welcome, and an endorsement of IPA research, however the White Paper fails pensioners, veterans, and students by not committing to remove all disincentives to work once and for all,” said Saxon Davidson, Research Fellow at the Institute of Public Affairs

The federal government's *Employment White Paper* outlines a plan to make permanent the work bonus increases of late last year, which increased the amount an age pensioner or veteran could earn before facing an effective marginal tax rate of 69 per cent, from \$150 to \$226 per week.

“The Employment White Paper is unfortunately yet another missed opportunity, following the Migration Review, and confirms the federal government is simply not focused on getting more Australians into work,” said Mr Davidson.

“You cannot proclaim to have a legitimate and accurate definition of full employment if you are continuing to actively disincentivise the participation of Australian pensioners, veterans, and students in the workforce.”

The White Paper also does not commit to reforms that will prevent students on the Youth Allowance facing an effective marginal tax rate of 79 per cent should they earn more than \$288 per week, disincentivising Australians who need the experience of work the most.

“Worryingly, today's announcement has nothing in it to remove or reduce the exorbitant taxes and penalties Australian students face should they work while studying. This is not in the long-term interest of the nation and stifles career development,” said Mr Davidson.

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.

“To encourage more Australian pensioners, veterans, and students into the workforce, the government should follow the successful New Zealand model and immediately remove all tax and red tape penalties.”

“We know that removing tax and red tape barriers works and will unlock a pool of labour 550,000 strong. In New Zealand, where these barriers do not exist for pensioners, a quarter of all pensioners are engaged in work, compared to just three per cent in Australia,” said Mr Davidson.

“Today's White Paper and the Migration Review leave the clear impression the government is more interested in finding ways to justify large increases to unplanned mass-migration, rather than getting more Australians into work to solve the worker shortage crisis,” said Mr Davidson.

“With a forecast shortage of 252,000 homes over the next five years and already failing 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. Unfortunately, today's White Paper does seek to achieve this.”

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

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