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ABS DATA SHOWS RESPONSE TO AUSTRALIA'S WORKER SHORTAGE CRISIS HAS FAILED

"The ongoing high number of job vacancies in Australia underscores the immediate need to lower tax rates facing Australians who want to work if we want to lower vacancy levels to what they were prior to the pandemic," said Saxon Davidson, Research Fellow at the Institute of Public Affairs.

New data released today by the Australian Bureau of Statistics shows there are over 388,000 job vacancies across the nation, and one in five Australian businesses cannot find the workers they need.

"Job vacancies only decreased by 2,900 from August to November 2023. This is damning and indicates that record levels of unplanned mass-migration, which we were told was needed to fill worker shortages, has failed to deliver results. We need to look to solutions closer to home," said Mr Davidson.

Australia's job vacancies have remained over 350,000 since May 2021. This is 71 per cent higher than what it was prior to the pandemic in February 2020.

"These figures demonstrate the desperate need to finally address tax and red tape barriers currently preventing Australians who want to work from entering the workforce, specifically pensioners, veterans, and students on the Youth Allowance," said Mr Davidson.

In November last year, the federal government made permanent minor changes made to the pension work bonus. These reforms only allow age pensioners and veterans to earn \$226 per week before being subject to an effective marginal tax rate of 69 per cent.

In addition, Australian students who receive welfare benefits are also subject to high effective marginal tax rates, being subject to a 79 per cent tax rate once they earn over \$288 per week.

"These unfair tax rates mean for many willing Australians; work simply does not pay. Allowing pensioners and veterans to work provides greater connection to community and an opportunity to enjoy the dignity of work, and for students the ability to gain vital experience and skills," said Mr Davidson.

Forthcoming IPA research has found that Australia would be wise to follow and expand the New Zealand model of taxation on pensioners and veterans. In New Zealand, pensioners and veterans are subject to a tax rate potentially as low as 10.5 per cent on their combined benefits and earnings.

"The fair tax applied to pensioners in New Zealand is why over 25 per cent of this cohort are employed, compared to only three per cent in Australia," said Mr Davidson.

"Pensioner participation in New Zealand's labour force is a major reason why they are not experiencing a worker shortage crisis, while Australia's number of job vacancies remain 71 per cent above what they were pre-pandemic. New Zealand has almost recovered entirely."

"Economic analysis by the IPA revealed that Australia's entrenched worker shortage crisis is costing Australians \$32 billion in foregone wages and the federal government \$7 billion in foregone income tax revenue. This is money that can be reinvested in the community," said Mr Davidson.

To download previous IPA research [click here](#).

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