

Creating jobs and skills in Australia



Julia Gillard and Labor
Let's move Australia forward

Contents

1.	The value of jobs and skills	5
2.	Taxation to give real incentives for work and job creation	9
3.	Infrastructure for future jobs	11
4.	Skills for a competitive economy	13

Creating jobs and skills in Australia

1. The value of jobs and skills

Getting a job and building up skills are central to the dignity and purpose of people's lives.

Creating jobs in a competitive, market driven economy is the central challenge of Australia's economic future.

Australians know that the global economy is changing fast and that other economies in our region are growing fast, creating new opportunities and new competitive pressures for our country.

If we had gone backwards during the Global Financial Crisis our ability to compete for the future would have been undermined.

Australia's economic performance over the last two years has been internationally recognised.

Unlike many other countries in Europe and North America, we stand on a strong platform to deliver future growth.

But to go forward, we have to understand how that has been achieved and how to maintain our progress amid ongoing global economic uncertainty.

Our central commitment is to maintain Australia's capacity to create and sustain jobs in a competitive market economy.

That means investing to strengthen the drivers of future economic growth and jobs: taxation, infrastructure and skills.

This document sets out how we will build on the platform of our recent achievements to sustain jobs and skills growth in Australia.

Acting for Australian jobs through the Global Financial Crisis

Australians know that the Global Financial Crisis created a huge shock for national economies including Australia.

The loss of taxation revenue arising from economic slowdown wiped around \$110 billion from the Budget over five years to 2012-13 and created the massive challenge of maintaining GDP growth and employment in the face of falling business confidence and a rapid drop in economic demand.

The Government's decisive response underpinned confidence in our businesses and financial institutions.

And it provided economic stimulus to create demand in the economy that kept businesses afloat, helped Australians to keep the construction and retail sectors moving and invested in infrastructure that will create lasting economic and community benefit across the nation for decades to come.

To support the economy, the stimulus program started with income support and then moved into 'shovel-ready' infrastructure and then to larger and longer-term nation building projects in roads, rail, ports, energy, education and research, and health and infrastructure.

The stimulus measures have been endorsed by the Treasury, IMF, the OECD and respected economists like the Nobel Prize winner Joseph Stiglitz.

Treasury estimates that the stimulus package saved around 200,000 jobs in the Australian economy during the Global Financial Crisis.

Treasury has said that the stimulus may have had a bigger impact than originally estimated because it gave such a significant boost to confidence in the Australian economy.

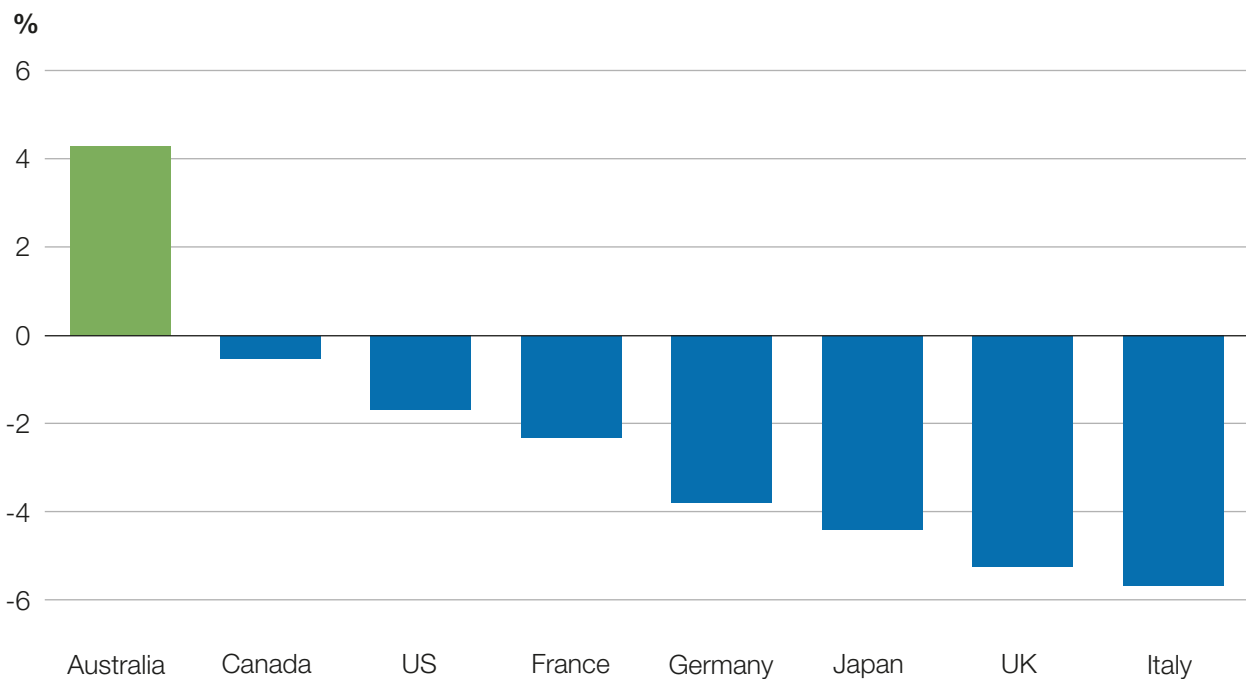
According to the OECD, employment in Australia in 2010 will be between 1.4 and 1.9 percentage points higher than it would have been without the stimulus measures adopted.

The stimulus, combined with the swift action of the RBA, meant that Australia came through the Global Financial Crisis in a stronger position than any of the major advanced economies. Compared with them, Australia was the only economy not to go into recession, and has the lowest debt and deficit.

The Australian economy grew by 1.3 per cent in 2009. Without the stimulus, Treasury estimates that the Australian economy would have contracted by 0.7 per cent in 2009.

Since late 2007, the Australian economy has grown by 4.3 per cent, while every major advanced economy has contracted.

GDP Growth since December 2007



Australia's unemployment rate is among the lowest of all major advanced economies.

There have been 323,500 jobs created in Australia since the beginning of the Global Financial Crisis. In contrast, over 6 million jobs have been lost in the United States over the same period and over 3.5 million jobs have been lost in the Euro area.

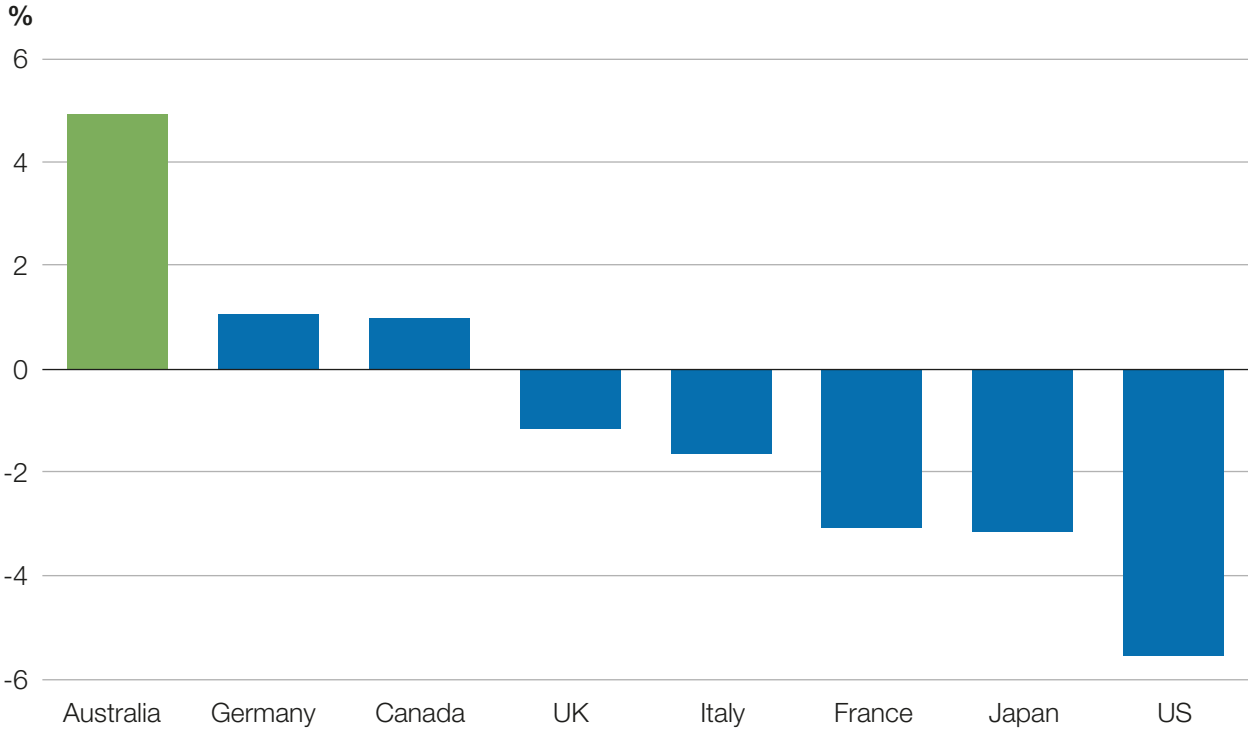
Since Federal Labor came to Office in November 2007, more than half a million jobs have been created, despite the worst global economic conditions in three-quarters of a century.

The positive effects for Australia of maintaining employment through this period are profound. The number of people in work creates a multiplier effect across the economy.

And it is also important for future economic growth. Avoiding the erosion of skills and capital caused by redundancies and company closures on a mass scale ensures there is more productive capacity for the economy to use as economic growth returns to trend.

As a result, Australian firms and workers are in good shape to meet a recovery in demand.

Employment Growth since November 2007



And by protecting jobs, stimulus has significantly reduced the social costs that would have arisen from a more significant rise in unemployment, particularly long-term unemployment. These adverse effects can be particularly hard on the young.

Some nations around the world are threatened by the prospect of high and entrenched unemployment and budget cuts reversing years of economic and social progress.

OECD countries need to create 17 million jobs to get employment levels back to where they were before the Crisis, according to the OECD's Employment Outlook 2010.

The recent RBA Statement on Monetary Policy noted that growth in the Australian economy is likely to be close to trend over the year ahead and that a rebalancing of growth is expected, with public investment declining as fiscal stimulus projects are completed and private demand becoming a more important driver of growth.

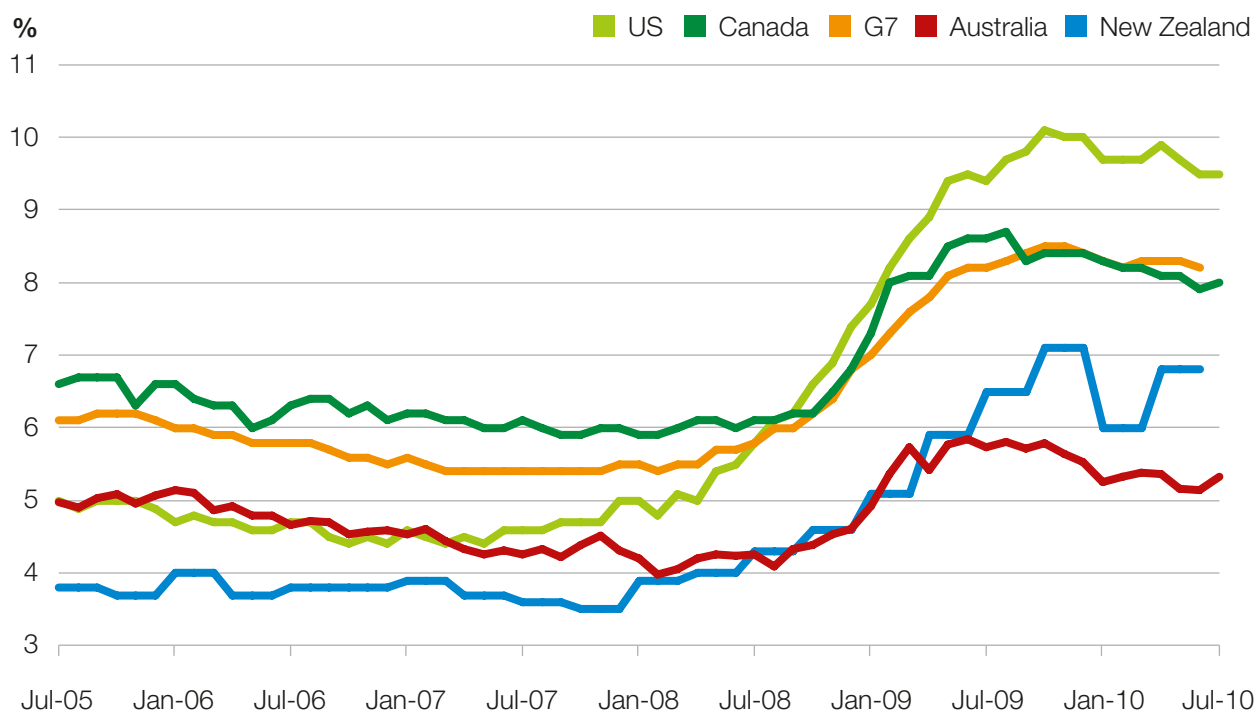
As the stimulus phases out it will leave behind long term investments in infrastructure which will create lasting economic and employment benefit.

During the next term of government we will maintain the investment we have scheduled through economic stimulus in infrastructure that supports economic activity and business investment right around the country.

And we will maintain our long term investment in the drivers of economic and employment growth for an economy that is going forward.

This will include introducing tax reform to strengthen our economy and benefit all Australians, and continuing to invest in our infrastructure and skills.

Latest Unemployment Rates



2. Taxation to give real incentives for work and job creation

Federal Labor is committed to tax policies which reward the hard work of Australians and enable business to compete, supporting sustainable growth in the economy.

We believe in rewarding hard work. When an Australian goes to work, they should know that their efforts will be rewarded, in their regular pay packet and in their superannuation account when they retire.

Under Federal Labor, workers have seen more reward in their pay packets. We've cut tax three years in a row. Our tax cuts mean a worker earning \$50,000 will pay \$1,750 less tax in 2010-11 than they did in 2007-08. We have doubled the Low Income Tax Offset which has increased the tax free threshold from \$11,000 to \$16,000. We have also reduced the marginal tax rates faced by many workers, which means they get to keep more from an extra dollar of income.

What we will do

Our plans for further tax reform will mean workers see more reward for their hard work at the end of the year, in a bigger tax refund. 6.4 million Australians can expect to receive a bigger tax return at the end of the year by claiming an optional standard tax deduction, instead of tallying up their work related expenses. Taxpayers will be able to claim a standard deduction of \$500 in 2012-13 and \$1,000 from 2013-14. No taxpayers will be worse off as they will be able to continue to claim their actual expenses, but 6.4 million taxpayers will get a bigger tax return. They will also save time doing their tax, which can be better spent with their families.

Income during working life is important, but so is the knowledge that hard work today will lead to a secure and dignified retirement. Labor introduced compulsory superannuation, which has rewarded working Australians in retirement for over 15 years. A Gillard Labor Government will increase the superannuation guarantee to 12 per cent, which will see 8.4 million employees get more

reward in retirement, for their work efforts today. 3.5 million low income earners will get an extra benefit, through a new tax concession on their superannuation, worth up to \$500 per year. These lower income earners currently get no concession on their employer super, or worse pay more tax on their employer super than they pay on their wages.

Some workers are also able to earn enough that they can put a bit more aside, for retirement or just for a rainy day. A Gillard Government recognises that an important part of working is being able to save, and will reward savers. We will double the superannuation contributions cap that is scheduled to apply from 1 July 2012 from \$25,000 to \$50,000 for people aged over 50 with up to \$500,000 in their superannuation. This will help older Australians who want to make catchup contributions to their superannuation. We will also reward saving outside of super, through a 50 per cent tax discount on interest income that will benefit about 5.7 million Australians.

Rewarding workers is only part of the equation. We also need to encourage investment and job creation across Australia, to ensure there is also the demand for workers.

We will cut the company tax rate to 29 per cent for all Australian companies to stimulate investment across the economy. This will particularly help the sectors of the economy that can be made less competitive by the higher exchange rate than can accompany the success of our resources sector. A lower company tax rate will increase investment, raise productivity, and increase the real wages of working Australians.

Small business is an engine room of employment. A Gillard Labor Government will encourage small business jobs through special tax breaks. Small business companies will get a head start on the company tax cut, from 2012-13. We will also give a new tax break for all small businesses, including the 70 per cent of small businesses are not operated through a company. From 2012-13 we will allow small businesses to write off

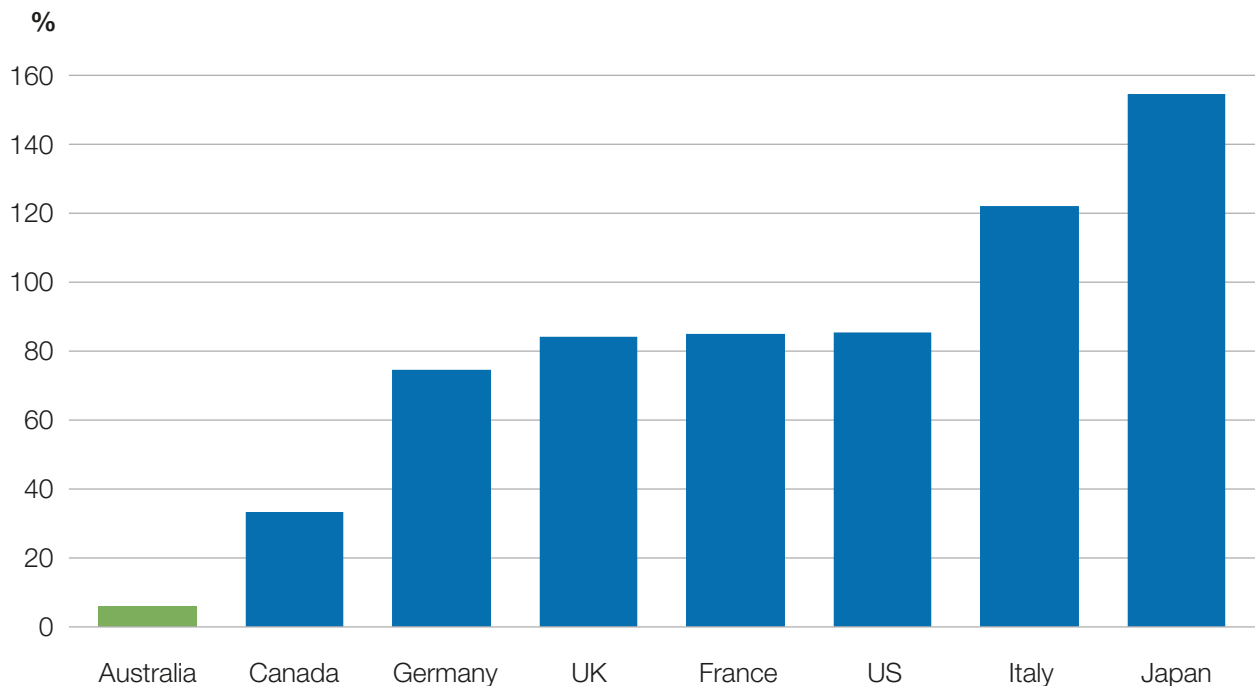
immediately any new business asset that is worth up to \$5000, for as many eligible assets as they purchase. These changes provide a tax break to small businesses when they are investing to grow their business.

We will also introduce new resource tax arrangements including a Minerals Resource Rent Tax for coal and iron ore and an expansion of the Petroleum Resource Rent Tax for oil and gas. These arrangements will deliver a better return for the Australian people from the resources they own and which can only be dug up once. The revenue from the new arrangements will be invested in the major economic reforms that will strengthen our economy, including tax reforms.

In the last commodity boom, capacity constraints hindered growth and got in the way of employment. That is why part of the revenue from the new resource tax arrangements will be used to fund the \$6 billion Regional Infrastructure Fund. This will be invested in vital infrastructure to help mining regions grow.

These concrete tax measures will help Australian businesses to maintain their ability to compete and to create employment into the future.

Peak in Net Debt



3. Infrastructure for future jobs

In our first term of government we have delivered a major program of infrastructure investment, including through the economic stimulus program.

Now we are committed to long term investments that will make a major difference to the Australian economy's capacity to create and sustain jobs for Australian workers.

Jobs of the future will increasingly depend on better infrastructure - to move the workforce between suburbs and cities; to move stock to businesses and to markets; and to support the information and communications technologies that businesses need.

Building better infrastructure will create jobs directly – in design, construction, engineering and related manufacturing and services industries.

Better infrastructure also helps to increase productivity by providing the platform for firms to invest and compete. It is essential to building a more diverse and sustainable economy in which firms across a broad range of sectors are able to grow. Better infrastructure helps to increase the returns on investment and enables firms to invest in expansion and workforce development. The IMF estimates that an increase of 1 per cent in the public infrastructure stock will increase economic output by around 0.2 per cent.

Transport infrastructure

The Nation Building Program is a \$37 billion package that doubles investment in roads, increases investing in rail tenfold, and invests in ports for Australia's economy. It is directly supporting thousands of jobs every year.

The Regional Infrastructure Fund is a \$6 billion investment in critical infrastructure projects in mining communities, to support their growth and give back to communities their fair share of the benefits of the mining boom. It will directly support thousands of jobs every year.

Better transport infrastructure will also indirectly support jobs for the future across many sectors of the economy:

- Jobs in the agricultural industries will be supported by more efficient freight transport links, including upgrades to regional highways such as the Hume, Pacific, and Bruce Highways.
- Jobs in mining industries will be supported by more efficient rail and port infrastructure such as the Hunter Valley rail network in NSW, and the new Oakajee Port development in WA.
- Jobs in manufacturing industries will be supported by better transport near industrial hubs such as the Geelong Ring Road in Victoria and the upgraded M5 near Ingleburn in south western Sydney.
- Jobs in service industries will be supported by a workforce that can move around more efficiently with metropolitan rail and road links such as the Regional Rail Link in Melbourne, the Moreton Bay Rail Link in Brisbane and the Parramatta to Epping Rail Link in Sydney.

Better infrastructure supports the productivity of our cities which ultimately supports jobs. Urban congestion costs are forecast to rise to \$20 billion a year by 2020 unless action is taken – costing productivity and jobs growth.

National Broadband Network

The National Broadband Network will turbo-charge the economy, creating jobs during construction and driving productivity and new jobs growth into the decades ahead.

Construction of the NBN will support 25,000 jobs every year, on average, over the life of the eight year project peaking at 37,000.

Some of those jobs are already being created in Tasmania right now, jobs such as cable splicers, data analysts and network designers.

Poor internet access costs jobs and productivity in regional areas because it means that small businesses are forced to move to the city to operate.

The 2007-08 Australian Local Government Association (ALGA) State of the Regions Report found that \$3.2 billion and 33,000 jobs were lost to Australian businesses in 12 months due to inadequate broadband infrastructure.

There have been many studies that clearly demonstrate the economic benefits of a high speed broadband network. For example, Access Economics, commissioned by IBM, found that the adoption of smart technologies and systems on the back of a high speed broadband network could increase GDP by between \$35 billion to \$80 billion over the first ten years.

The NBN will also change the way people work, allowing more 'teleworking' – the ability to work from home via your computer, creating greater workplace flexibility and helping parents to better balance work and family.

In Australia the growth of teleworking is low compared with Europe and the US because our current broadband services are simply not good enough. The NBN will be a catalyst for the growth of teleworking.

Access Economics has found Australia could save between \$1.4 billion and \$1.9 billion if 10 per cent of people could telework 50 per cent of the time.

The National Broadband Network will also create entirely new categories of jobs in new industries that rely on fast broadband such as information and communications technology, new media, computer software, web designers, and ecommerce.

4. Skills for a competitive economy

The OECD estimates that each extra year of education increases earnings by around 10 per cent, or by about \$100 per week for full time workers. (OECD, Education at a Glance, 2004)

To keep growing, the Australian economy needs a workforce that can add value to every sector by applying knowledge and skill to their work.

Boosting skills

The Gillard Labor Government is supporting more than 700,000 new training places over the 2008-12 period through the Productivity Places Program. They are making record investments to support apprenticeships and renew training infrastructure at TAFE Institutes across the nation.

More students than ever are becoming more highly skilled; 20 per cent more students are taking courses at Diploma level or above than they were in 2007. Through this program around 80,000 people have successfully completed a qualification. There have been more than 18,000 enrolments of Australian Apprentices. The National Centre for Vocational Education and Research has reported 46 per cent of PPP graduates went on into employment and 26 per cent continued with further study. Under PPP, 50,000 places were dedicated to health. Already over 30,000 health places have been delivered in the first two years.

More than 15,000 places are providing technical and operational qualifications to support the skills needs of the mining industry.

They are boosting skills in tourism, information technology, building and construction.

The success of PPP is being used to drive further reform in the VET sector.

From 2011-12 Australian Government funding will form part of an offer to States and Territories to reform their VET systems – to strengthen training entitlements to young people, enable older workers to re-skill, and increase the quality and transparency of training.

Through our Enterprise Based training program, nearly 14,000 extra training places are being provided in partnership with industry. The Government's contribution of \$48 million has leveraged additional Industry funding of \$22.6 million.

The Australian Government is boosting VET funding by \$2 billion to support this training, with \$973.85 million being provided to States and Territories under a national partnership agreement.

Keeping Australia Working: apprenticeships and trades training through the GFC

Following the recession of the 1990s, the unemployment rate of people aged 15-19 years got up to almost 26 per cent.

Today, the unemployment rate for people aged 16-19 years in the US is 26.1 per cent.

In contrast, our rate for young people is 18.0%: still too high, but more encouraging.

Compared with the previous economic downturns, Federal Labor's actions enabled the recovery of trade apprenticeship commencements far faster, with positive effects for young people, trade skills businesses and the wider economy.

At the height of the global recession trade apprenticeship commencements declined by about 19 per cent. The Government acted swiftly to address this, with a Securing Australian Apprenticeships initiative to help employers keep apprentices on which enabled more than 52,000 apprentices to remain in work or complete their training. Apprentice Kickstart, which began in December 2009, triples first year incentives for employers to take on young apprentices in trades like building and construction, electro-technology and engineering.

The result of these actions is that commencements have returned to pre-recession levels within two years. It took the Coalition 13 years to return trade apprenticeship commencement rates to pre 1992-3 recession levels.

What we will do

Apprentice Kickstart has now been extended and a further \$80 million investment will support small and medium sized employers and Group Training Organisations to take on 22,500 young trade apprenticeships in skill shortage occupations between May and November 2010. To date more than 4,700 apprentices have been recruited under this second stage.

In the 2010 Budget the Government took further action to provide the training that Australians need to take advantage of economic growth.

Over four years, the \$660 million Skills for Sustainable Growth package will deliver up to 39,000 additional training places in sectors facing high skills demands, like mining and resources; encourage a guaranteed training entitlement for all Australians under 25; and deliver literacy and numeracy courses for up to 140,000 Australians to develop the basic skills they need to participate in the economy.

Over the next two years 30,000 apprentices in sectors such as building and construction; agriculture and forestry; mining and energy; water; transport; manufacturing and engineering will graduate with competencies in "Green Skills".

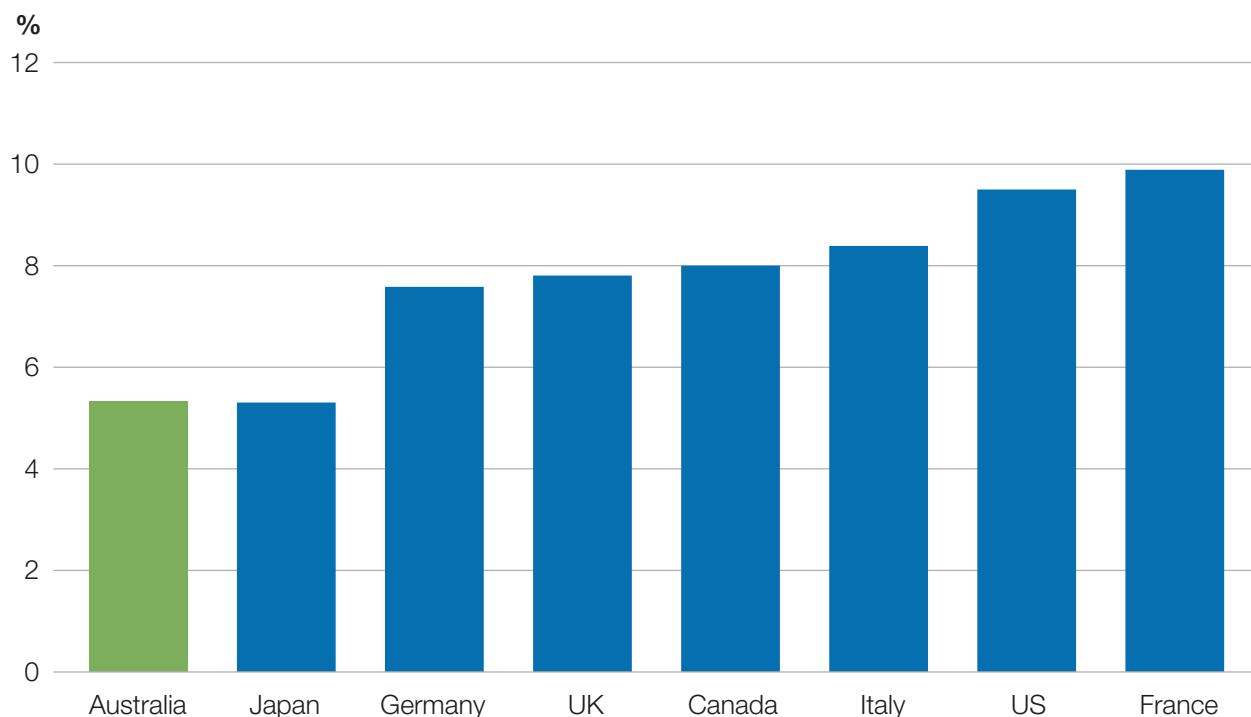
Trades Apprenticeship Income Bonus

Federal Labor has acted to keep up the level of apprenticeship commencements in the Australian economy.

These actions will help to get more young Australians into skilled work. reduce skill shortage pressures and help employers to find the skilled labour they need to compete in a growing economy.

As the Australian economy continues to grow, Federal Labor will take further action to lift trade skills levels and reward those who make the effort to complete their qualifications. More than 28,000 apprentices are lost to their trades each year as a result of not completing their training.

Unemployment Rate



The Gillard Labor Government will support trade apprentices to stay in their jobs by providing a Trades Apprentice Income Bonus.

From 1 January 2011 we will deliver an additional \$1,700 tax exempt bonus to apprentices in skills shortage occupations as they reach milestones in their training.

The Trades Apprentice Income Bonus means that trade apprentices will receive a \$5,500 tax exempt bonus over the course of their training.

The Trades Apprentice Income Bonus will be paid on top of the existing Tools for Your Trade payments. This means, as trade apprentices reach a milestone each year they will get an extra \$200, bringing the 12 month payment to \$1000; \$200 bringing the 24 month payment to \$1000; \$500 bringing the 36 month payment to \$1200 and \$800 bringing the completion bonus to \$1500.

These payments will be spent by trades apprentices to purchase tools, service their ute or pay their registration and insurance and for other expenses.

Up to an additional 50,000 additional apprentices are expected to start and stick with their apprenticeship by 2014 as a result of this program. Under our plan, over the next four years more than 200,000 carpenters, bricklayers, motor mechanics and cabinet makers will benefit from this initiative.

This is a major investment in the next generation of skilled workers, improving our capacity to address skills shortages by training and employing more Australian Apprentices.

Trade Apprentice Mentoring

The quality of training and workplace supervision available to apprentices is also a significant factor influencing whether they complete their training.

To help with this, we will provide \$20 million so that up to 40,000 apprentices can be offered targeted mentoring and assistance, via Australian Apprenticeships Centres and Group Training Organisations, to ensure that they stay motivated and supported all the way through their training. This will build on the current Kickstart Mentoring program, which will help 20,000 Kickstart apprentices get a great start with their career in 2010-11.

Trade Apprentice Mentoring will include personalised help and advice on issues such as teamwork, time management, coping with stress, personal budgeting and living away from home.

National economic and employment reform delivered by Federal Labor

Our **Fair Work reforms** have delivered fairness for working Australians and are providing certainty and greater simplicity– but they're also about lifting national productivity. The overall benefit to the economy of having the entire private sector covered by one national workplace relations system had been estimated as \$4.8 billion over the next decade.

Federal Labor has also delivered a single set of rules for **Occupational Health and Safety** across the nation. Replacing 10 different acts and hundreds of separate regulations, this major reform, which eluded five previous federal governments. This significant reform represents a \$4.8 billion benefit to the economy over the next decade by reducing compliance costs and boosting productivity.

Our **Consumer and Competition reforms** are sweeping away inconsistent provisions in 17 Commonwealth, State and Territory laws and replacing them with a single national law. One set of rules for all Australian businesses and consumers, not 17. This reform alone, could according to the Productivity Commission, generate up to an additional \$4.5 billion for the Australian community.

Federal Labor also reformed **Employment Services** to provide more flexible, intensive support to jobseekers, creating Job Services Australia to provide help people out of work with the skills and contacts necessary to get themselves job ready and get back into work.

Federal Labor has introduced Australia's first national **Paid Parental Leave** scheme to support families and lift economic participation. It is available for eligible working parents of children born or adopted on or after 1 January 2011. It will provide payment at the National Minimum Wage - currently \$570 a week before tax - is for up to 18 weeks and can be taken any time within the first year after birth.

