

Labour Policies

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Job Search Allowance:

Helping families affected by
redundancy

Labour will introduce a new form of financial assistance for workers affected by the economic downturn.

In many cases when a worker becomes redundant, this removes the family's only source of income. In situations like this, social security assistance is already available.

In other cases, there is another earner in the family. Even so, the implications of sudden job loss can be hugely stressful and disruptive. This can be particularly the case for families who had been well-established in the workforce with an expectation of ongoing income and with expenditure patterns determined by children, housing costs, credit repayments etc.

In such circumstances, where workers are made redundant Labour will provide additional transitional assistance while they get back into paid employment, identify an appropriate retraining course, or adjust their circumstances.

Labour will introduce a Job Search Allowance for up to thirteen weeks for people who have been made redundant after at least five years in the workforce.

The Job Search Allowance will provide families affected by a redundancy in the family with some much-needed additional income to make ends meet in the initial period while they find their feet.

How Much Will It Cost?

The cost of introducing a Job Search Allowance is difficult to predict, as it will be determined by a variety of factors including the number of redundancies, the rate of take-up of the assistance by redundant workers in two-earner families, and the average duration (many people will move into jobs or training before their thirteen weeks is up). It is likely however that the costs would be no more than \$50 million a year.

How the Policy Works

The job search obligations and eligibility requirements for the Job Search Allowance will be the same as for the unemployment benefit, with the exception that the income of the person's spouse or partner will not affect their entitlement. As with the unemployment benefit, the person's personal income over a weekly threshold (currently \$80, but set to rise with Labour) reduces the Job Search Allowance by 70c for each additional dollar. This includes interest income on savings.

The rate of payment will be the same as the appropriate rate of unemployment benefit. These rates are set out in the table below.

Category		Net	Gross
Single 20 - 24 years		\$153.46	\$175.38
Single, 25+ years		\$184.17	\$210.48
Married, civil union or de facto couple (with or without children)	Total	\$306.92	\$350.76
	Each	\$153.46	\$175.38
Sole parent		\$263.78	\$304.93

These rates will be adjusted again on 1 April 2009.

A stand down period of one to two weeks will apply from the day after a person ceases employment. This is standard for all benefits. Whether the stand-down is for one or two weeks will depend on the person's income. The basic formula for this is that the two week stand-down applies to people earning more than the official measure of the gross average ordinary time weekly wage (currently \$886.11, or \$46,078 a year), but other factors such as number of children are taken into account. A person's redundancy payments will generally be included as income for determining the stand-down, but this will not extend the stand-down beyond two weeks from the day after a person ceases employment.

The Job Search Allowance will not be available for people who are unemployed for reasons other than losing their job through a lay-off or redundancy.

Eligibility will not be back-dated to cover redundancies prior to the introduction of the Job Search Allowance. The Job Search Allowance will be a permanent part of the social security system, not a temporary measure.

In some cases, if they are undertaking a programme of study, people may take up Labour's new retraining allowance following a period on the Job Search Allowance. Combined, this provides for up to fifteen months of assistance where necessary

Reasons for the Changes

A considered response to the needs of families

In the near term, the prospect of fall out from the international crisis requires us to have new plans for workers whose jobs might be affected. But Labour is committed to a considered response that is consistent with our principles and the kinds of policies we are already putting in place.

The Job Search Allowance fits with measures such as the retraining allowance, statutory minimum standards for redundancy, and greater notification of and a more proactive approach by government agencies in the event of upcoming redundancies. It also fits with our changes last year to reduce the maximum initial stand-down period from 10 weeks to 2 weeks.