



Wage Subsidies Guideline - for Agreements entered into prior to 1 January 2017

Document change history

Version	Start date	Effective date	End date	Change and location
1.3	01 01 17	01 01 17	25 02 18	Changes to explain how to manage and finalise wage subsidy agreements approved prior to 1 January 2017.
1.2	10 08 16	12 09 16	31 12 16	Changes to clarify requirements for sustainable and ongoing positions, employment in the sex industry and concurrent funding (other government sources).
1.1	23 03 16	23 03 16	11 09 16	Changes to include immediate reimbursements for Providers; clarify provisions for approved leave, family members, work trials and concurrent funding. Updated to provide advice on state government Wage Subsidies.
1.0	15 02 16	15 02 16	22 03 16	Original version of document.

Explanatory Note

All capitalised terms have the same meaning as in the Transition to Work Deed 2016–2020 (the Deed). In this document, ‘**must**’ means that compliance is mandatory and ‘**should**’ means that this represents preferred practice.

Disclaimer

This Guideline is not a stand-alone document and does not contain the entirety of Transition to Work Providers’ obligations.

It **must** be read in conjunction with the Deed and any relevant Guidelines or reference material issued by the Department of Employment under or in connection with the Deed.

Summary

This Guideline details the core elements and requirements for Transition to Work Providers in managing Wage Subsidy Agreements that were in effect prior to 1 January 2017.

The [Managing Wage Subsidies from 1 January 2017 Guideline](#) details the requirements for Providers to manage new Wage Subsidy Agreements entered into from 1 January 2017.

This document sets out the general rules that apply to all Wage Subsidies under the Deed as well as specific rules (where applicable) for individual Wage Subsidies.

Transition to Work Providers can seek Reimbursement for the:

- Youth Wage Subsidy
- Parents Wage Subsidy; and
- Long Term Unemployed (LTU) and Indigenous Wage Subsidy.

Policy Intent

Wage Subsidies encourage Employers to hire job seekers in sustainable positions by contributing to the costs of recruitment, including training and wages. Transition to Work Providers are expected to build strong relationships with Employers and use Wage Subsidies to broker employment opportunities for eligible Participants so that they can be retained in sustainable employment.

Relevant Deed clause/s

Relevant clauses in the Transition to Work Deed 2016-2020 (the Deed) include:

- Annexure A1—Definitions
- Annexure B2—Transition to Work Service Guarantee
- Chapter B2—Specific Services
- Clause 84—Wage Subsidies
- Clause 88—Exits.

Relevant References

Reference documents relevant to this Guideline include:

- [Documentary Evidence Guideline](#)
- [Privacy Guideline](#).

Wage Subsidy Information

Process	Details
<p>Promotion and management of Wage Subsidies with Employers Deed clause references:</p> <ul style="list-style-type: none">• Clause 84.1	<p>Transition to Work Providers must promote Wage Subsidies to eligible Participants and Employers in a targeted and appropriate way to maximise employment opportunities corresponding with the Participant’s difficulties in finding a job in the labour market.</p> <p>Wage Subsidies must be negotiated and approved in line with the principles of:</p> <ul style="list-style-type: none">• providing value for money;• complying with any work, health and safety laws that may apply;• withstanding public scrutiny; and• not bringing Transition to Work Services or the Government into disrepute. <p>The Department may, at any time, instruct the Transition to Work Provider to modify or end a Wage Subsidy Agreement if it finds that either party has not met the terms of the Deed, Guidelines or the Wage Subsidy Agreement.</p>
<p>Participant eligibility Deed clause references:</p> <ul style="list-style-type: none">• Annexure A1 - Definitions	<p>Specific Wage Subsidy Participant eligibility</p> <p>Wage Subsidies each have specific eligibility criteria to ensure that the assistance is targeted. Transition to Work Providers must only enter into a Wage Subsidy Agreement and pay Wage Subsidies for eligible Participants. The Department’s IT Systems will help determine a Participant’s eligibility; however, the Provider will still be required to determine general suitability in accordance with the Deed and Guidelines. If a Provider believes that the Department’s IT Systems have incorrectly determined eligibility, they should contact the Department either directly through a respective mailbox or through the Account Manager or Contract Manager to discuss.</p> <p>A Participant can only be eligible for, and receive, one Australian Government Wage Subsidy at any time.</p> <p>Eligibility requirements are detailed below for the different Wage Subsidies.</p>

Process	Details
	<p>Youth Wage Subsidy</p> <p>A Participant is eligible for a Youth Wage Subsidy if they:</p> <ul style="list-style-type: none"> • are under 30 years of age; • are a Participant (receiving income support) commenced with the Transition to Work Provider; • have been receiving employment services from an employment services Provider (including a Transition to Work Provider, a jobactive Provider, a Disability Employment Services Provider, and a Remote Jobs and Communities Programme Provider) continuously for at least six months; and • have Mutual Obligation Requirements at the time they commence in the Wage Subsidy placement. <p>Parents Wage Subsidy</p> <p>A Participant is eligible for a Parents Wage Subsidy if they:</p> <ul style="list-style-type: none"> • are a Participant (receiving income support) commenced with the Transition to Work Provider; • are in receipt of a Parenting Payment; or identified as a principal carer of a child and on Newstart Allowance, Youth Allowance; or Special Benefit; • have been receiving employment services from an employment services Provider (including Transition to Work, jobactive, Disability Employment Services, and Community Development Programme Provider) continuously for at least six months; and • have Mutual Obligation Requirements at the time they commence in the Wage Subsidy placement. <p>LTU and Indigenous Wage Subsidy</p> <p>A Participant is eligible for an LTU and Indigenous Wage Subsidy if they:</p> <ul style="list-style-type: none"> • are a Participant (receiving income support) commenced with the Transition to Work Provider; and • either: <ul style="list-style-type: none"> ○ have been receiving employment services from an employment services Provider (including Transition to Work, jobactive, Disability Employment Services and Community Development Programme Provider) continuously for at least 12 months; or ○ are an Indigenous job seeker and have been receiving employment services from an employment services Provider (including Transition to Work, jobactive, Disability Employment Services and Community Development Programme) continuously for at least six months; and • have Mutual Obligation Requirements at the time they commence in the Wage Subsidy placement. <p><i>Note: For the Youth, Parents and LTU and Indigenous Wage Subsidies the Department's IT System will determine whether Participants have been receiving employment services from an employment services Provider on a continuous basis by taking into account any breaks in service due to Exiting and/or Suspensions or any other breaks in service with other employment services Providers which may or may not break the continuity of service for the purpose of this Guideline.</i></p>

Process	Details
	<p>Family members</p> <p>Wage Subsidy Participants must not be immediate family members of the Employer consistent with <i>Section 12 of the Fair Work Act 2009</i>, which provides a definition of an immediate family member for an employee as:</p> <p>(a) a spouse, de facto partner, child, parent, grandparent, grandchild or sibling of the employee; or</p> <p>(b) a child, parent, grandparent, grandchild or sibling of a spouse or de facto partner of the employee.</p> <p>Participants with a Partial Capacity to Work</p> <p>A Partial Capacity to Work (PCW) Participant must not be compelled to undertake more than their PCW hours with intervention unless the Participant chooses to do so. The position must also take into account the Participant’s Employment Services Assessment (ESAt). However, eligibility criteria for each of the Wage Subsidies still apply.</p>
<p>Placement Eligibility Deed clause reference:</p> <ul style="list-style-type: none"> • Annexure A1 - Definitions 	<p>General Wage Subsidy placement eligibility</p> <p>A Wage Subsidy placement must:</p> <ul style="list-style-type: none"> • be declared by the Employer (in the Wage Subsidy Agreement) as a sustainable, ongoing position expected to last beyond the period of the Wage Subsidy, where the Employer knows of no reason why the job would not continue indefinitely (noting that some jobs may end earlier through no fault of the employer); • comply with minimum standards for Employment as established under relevant Australian Government (for example, <i>Fair Work Act 2009</i>), state or territory law (including any award conditions applicable to the position); • be recorded by the Provider in the Department’s IT Systems; • not be in pre-existing Employment with the Employer; • not displace an existing employee; • not be a commission-based, self-employment or subcontracted position; • not be Employment involving nudity or in the sex industry, including retail positions with a focus on adult erotica; and • not otherwise be a Non-Payable Outcome as defined in the Deed, except Restart eligible job seekers on the Age Pension who start a Wage Subsidy Placement within the allowable time period of Commencement. <p>Across all Wage Subsidies (Australian Government and state/territory government), Wage Subsidy payments up to a given date must not exceed 100 per cent of the Participant’s wage to that same date.</p> <p>A Wage Subsidy placement may:</p> <ul style="list-style-type: none"> • be an apprenticeship or traineeship; and • be found by the Transition to Work Provider or directly by the Participant. <p>Wage Subsidy placement types</p> <p>Wage Subsidy placements can be in full-time (30 hours or more), or part-time or casual (15–29 hours) positions paid on a pro-rata basis (see ‘Wage Subsidy Periods and instalment amounts’ below). Employment must be for at least 15 hours per week.</p> <p>Approved Leave</p>

Process	Details
	<p>All periods of approved leave, whether paid or unpaid, count toward the participant’s hours worked and are treated as though the participant was at work for their regularly scheduled hours. Where a participant worked variable hours prior to requiring a period of leave, the Provider should consider their averaged weekly hours as their regular hours. Note: In instances of unpaid approved leave an Employer cannot receive more than 100 per cent of wages paid to a given date.</p> <p>In instances where the job seeker takes unapproved leave or the employer does not offer sufficient hours to meet the minimum 15 hours per week, the employer is no longer eligible to receive the Subsidy from that date.</p> <p>Work Trials</p> <p>Wage Subsidies are not available for Participants who are engaged in a pre-employment work trial, whether paid or unpaid. However, Wage Subsidies can be used in respect of Employment that commences after a work trial has occurred. Work trials are not considered pre-existing Employment. The Start Date of the Wage Subsidy Agreement must be after the work trial has ended.</p> <p>Ceasing to meet the Wage Subsidy placement eligibility criteria</p> <p>Where a Wage Subsidy Agreement has been entered into, the Wage Subsidy is not payable from the time the conditions of Employment no longer meet the Wage Subsidy placement eligibility criteria. This includes, for example:</p> <ul style="list-style-type: none"> • from the time where an Employer is no longer able to provide at least 15 hours of work per week, irrespective of whether the Employment is terminated or not; and • from the time where the Wage Subsidy payments up to a given date exceed 100 per cent of the Participant’s wage to that same date.
<p>Concurrency with other Wage Subsidies and funding sources</p>	<p>Concurrency with other Wage Subsidies</p> <p>Only one type of Australian Government Wage Subsidy can be claimed in respect of a Wage Subsidy placement. In all cases, the combined total of the Wage Subsidy payments up to a given date must not exceed the Participant’s wage to that same date.</p> <p>Concurrent funding (other government sources)</p> <p>Employers must not access a Wage Subsidy if they receive a Wage Subsidy or similar funding from other Australian Government sources, with the exception of the Australian Apprenticeships Incentive Programme.</p> <p>Australian Government Wage Subsidies can be used in conjunction with state/territory government Wage Subsidies, so long as all other Australian Government Wage Subsidy eligibility criteria has been satisfied. Further information on state/territory government Wage Subsidies is available through the relevant government website in each state or territory.</p> <p>However, in all cases, the combined total of the Wage Subsidy and other government funding up to a given date must not exceed 100 per cent of the job seeker’s wages to that same date.</p>
<p>Eligibility for Wage Subsidy— Employer Deed clause reference:</p> <ul style="list-style-type: none"> • Annexure A1 - Definitions 	<p>General Wage Subsidy Employer eligibility</p> <p>A Wage Subsidy Employer:</p> <ul style="list-style-type: none"> • must be a legal entity with an Australian Business Number (ABN); • must not be an Australian or state/territory government agency (noting this does not necessarily exclude local councils if the Wage Subsidy Placement is not directly funded by the state/territory government); • must not have previously received a Wage Subsidy payment of the same type for the

Process	Details
	<p>same Participant;</p> <ul style="list-style-type: none"> • can be a Related Entity of the Provider, but must not be the Provider's Own Organisation; and • can be a labour hire company or group training organisation provided that the company is paying the Participant's wages and that any assignments meet the eligibility criteria of the Wage Subsidy placement and Employer. <p>Where a labour hire company or group training organisation is the Wage Subsidy Employer, it must disclose to any relevant host organisation that an Australian Government Wage Subsidy is potentially available for the Wage Subsidy placement with the host organisation.</p> <p>Change of business ownership</p> <p>Where a Wage Subsidy Employer's business changes ownership, the new owner will be eligible to claim the remaining Wage Subsidy, provided all other eligibility criteria and Transition to Work service requirements are met. However, the Wage Subsidy Agreement must be novated between the parties.</p>
<p>Negotiation of Wage Subsidy Agreement with the Employer</p> <p>Deed clause reference:</p> <ul style="list-style-type: none"> • Annexure A1 - Definitions 	<p>Transition to Work Providers must enter into and approve a Wage Subsidy Agreement with a Wage Subsidy Employer using the Wage Subsidy Agreement template created within the Department's IT Systems, and do so within 28 days of the Participant commencing a Wage Subsidy placement (ie the first day of employment).</p> <p>Transition to Work Providers must explain the Wage Subsidy Agreement's terms and conditions to the Employer to ensure they fully understand their rights and obligations in accepting the Wage Subsidy. Both the Provider and the Employer must sign the Wage Subsidy Agreement either electronically through the Department's IT Systems or offline within the 28 days.</p> <p>Employers can approve Wage Subsidy Agreements online by logging into the jobactive, powered by Jobsearch, website using an AUSkey. If the Wage Subsidy Agreement is signed offline, the Provider must approve the Wage Subsidy Agreement in the Department's IT Systems. Payments must not be made before the Wage Subsidy Agreement is approved in the Department's IT systems and signed.</p> <p>If, during the term of the Wage Subsidy Agreement, the Provider is notified or determines that the Placement has ended or updates are required (for example, hours or contact details), the Provider must update the Wage Subsidy Agreement in the Department's IT Systems.</p>
<p>Supporting Participants on Wage Subsidies</p>	<p>As part of the Transition to Work service Providers must offer post-Placement support, in accordance with the Service Delivery Plan. This will allow Providers to support the Participant and the Employer to maximise the success of the placement, including after the Participant is Suspended or Exited from the Provider's caseload.</p>
<p>Wage Subsidy Periods and instalment amounts</p> <p>Deed clause references:</p> <ul style="list-style-type: none"> • Clause 84.2 	<p>All Wage Subsidy amounts are GST inclusive. The Employer and Provider must consider any tax liability implications of the payment and obtain their own taxation advice. All GST must be remitted in full to the Australian Taxation Office.</p> <p>LTU and Indigenous Wage Subsidy, Youth Wage Subsidy and Parents Wage Subsidy</p> <p>Employers and Transition to Work Providers must negotiate the Wage Subsidy Periods for these Wage Subsidies. This allows flexible payment arrangements to be put in place in the Wage Subsidy Agreement. Providers will be able to make payments to Employers progressively, as agreed with the Employer, as frequently as necessary to meet the needs of</p>

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	<p>the Employer.</p> <p>The maximum value of the Wage Subsidy is \$6,500 (GST inclusive) per Wage Subsidy placement for full-time Employment payable over a 12 month period.</p> <p>Wage Subsidy payments will be pro-rated for part-time Employment based on the average hours worked per week over a Wage Subsidy Period or until the conditions of Employment no longer meet the Wage Subsidy placement eligibility criteria.</p> <p>Wage Subsidy payments must not exceed the wages paid by the Employer. If necessary, where a job seeker has been on approved leave, a Provider should hold off from making further payments until the Participant returns to work and further wages have been paid.</p> <p>Wage Subsidy payments must be calculated for each Wage Subsidy placement based on the maximum amount of Wage Subsidy over a 12 month period (calculated by reference to the relevant average hours worked per Wage Subsidy Period as <u>set out in Table 1 below</u>) divided by the number of Wage Subsidy Period(s) as agreed between the Provider and Employer in the Wage Subsidy Agreement.</p> <p><i>Note: For example, if the Provider and Employer agree to a fortnightly Wage Subsidy Period in the Wage Subsidy Agreement, the number of the Wage Subsidy Periods is 26. If the Participant worked an average of 20 hours over the Wage Subsidy Period, the maximum amount of Wage Subsidy over a 12 month period would be \$4,333.34 (see Table 1). That amount is then divided proportionately (i.e. divided by 26) to determine the Wage Subsidy Period payment which is \$166.67.</i></p> <table border="1" data-bbox="405 1077 1533 1917"> <thead> <tr> <th colspan="2" data-bbox="405 1077 1533 1120">Table 1</th> </tr> <tr> <th colspan="2" data-bbox="405 1120 1533 1155">Youth, Parents and LTU and Indigenous Wage Subsidies</th> </tr> <tr> <th data-bbox="405 1155 932 1256">Average hours worked per week over a Wage Subsidy Period</th> <th data-bbox="932 1155 1533 1256">Maximum amount of Wage Subsidy over a 12 month period (GST inclusive)</th> </tr> </thead> <tbody> <tr><td data-bbox="405 1256 932 1299">30+</td><td data-bbox="932 1256 1533 1299">\$6,500.00</td></tr> <tr><td data-bbox="405 1299 932 1341">29</td><td data-bbox="932 1299 1533 1341">\$6,283.34</td></tr> <tr><td data-bbox="405 1341 932 1384">28</td><td data-bbox="932 1341 1533 1384">\$6,066.66</td></tr> <tr><td data-bbox="405 1384 932 1426">27</td><td data-bbox="932 1384 1533 1426">\$5,850.00</td></tr> <tr><td data-bbox="405 1426 932 1469">26</td><td data-bbox="932 1426 1533 1469">\$5,633.34</td></tr> <tr><td data-bbox="405 1469 932 1512">25</td><td data-bbox="932 1469 1533 1512">\$5,416.66</td></tr> <tr><td data-bbox="405 1512 932 1554">24</td><td data-bbox="932 1512 1533 1554">\$5,200.00</td></tr> <tr><td data-bbox="405 1554 932 1597">23</td><td data-bbox="932 1554 1533 1597">\$4,983.34</td></tr> <tr><td data-bbox="405 1597 932 1639">22</td><td data-bbox="932 1597 1533 1639">\$4,766.66</td></tr> <tr><td data-bbox="405 1639 932 1682">21</td><td data-bbox="932 1639 1533 1682">\$4,550.00</td></tr> <tr><td data-bbox="405 1682 932 1724">20</td><td data-bbox="932 1682 1533 1724">\$4,333.34</td></tr> <tr><td data-bbox="405 1724 932 1767">19</td><td data-bbox="932 1724 1533 1767">\$4,116.66</td></tr> <tr><td data-bbox="405 1767 932 1809">18</td><td data-bbox="932 1767 1533 1809">\$3,900.00</td></tr> <tr><td data-bbox="405 1809 932 1852">17</td><td data-bbox="932 1809 1533 1852">\$3,683.34</td></tr> <tr><td data-bbox="405 1852 932 1895">16</td><td data-bbox="932 1852 1533 1895">\$3,466.66</td></tr> <tr><td data-bbox="405 1895 932 1917">15</td><td data-bbox="932 1895 1533 1917">\$3,250.00</td></tr> </tbody> </table> <p>Pro-rata payments for Wage Subsidy placements which cease before the end date of the Wage Subsidy Agreement</p>	Table 1		Youth, Parents and LTU and Indigenous Wage Subsidies		Average hours worked per week over a Wage Subsidy Period	Maximum amount of Wage Subsidy over a 12 month period (GST inclusive)	30+	\$6,500.00	29	\$6,283.34	28	\$6,066.66	27	\$5,850.00	26	\$5,633.34	25	\$5,416.66	24	\$5,200.00	23	\$4,983.34	22	\$4,766.66	21	\$4,550.00	20	\$4,333.34	19	\$4,116.66	18	\$3,900.00	17	\$3,683.34	16	\$3,466.66	15	\$3,250.00
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	<p>Where the Wage Subsidy placement ceases prior to the end date of the Wage Subsidy Agreement, including where the Wage Subsidy Agreement is terminated, the Transition to Work Provider must pay any outstanding Wage Subsidy owed to the Employer on a pro-rata basis for the continuous period the Participant worked the required minimum 15 hours per week.</p>
<p>Payment of instalments directly to Employers and claims for Reimbursement Deed clause references:</p> <ul style="list-style-type: none"> • Clause 84.2 	<p>The Transition to Work Provider must make payments out of their own funds to the Employer.</p> <p>Providers must withhold payments where it is found that an Employer is not fulfilling its obligations under the Wage Subsidy Agreement.</p> <p>Providers must submit claims for Reimbursement through the Department's IT Systems.</p> <p>Providers must only claim Reimbursement up to the same value that they paid to the Employer, including pro-rata amounts and in accordance with Table 1.</p> <p>Providers may claim Reimbursements from the Department for payments made under the LTU and Indigenous Wage Subsidy, Youth Wage Subsidy and Parents Wage Subsidy no earlier than once every seven days during the term of the relevant Wage Subsidy Agreement.</p> <p>Providers may choose to claim Reimbursements, after they have made a Wage Subsidy payment to the employer, or collectively claim all available Reimbursements at the end of the Wage Subsidy Agreement.</p> <p>To ensure the minimum weekly of 15 hours are met Providers may claim reimbursement on a weekly or multiples-of-seven-days basis.</p> <p>Providers must claim all outstanding Reimbursements within 56 days after the Wage Subsidy Agreement End Date for those Wage Subsidy Agreements which last the full 12 months, or no longer meet the Wage Subsidy placement eligibility criteria.</p>
<p>Provision of Documentary Evidence Deed clause references:</p> <ul style="list-style-type: none"> • Clause 15 • Clause 16 • Clause 84 	<p>In order to process a Wage Subsidy payment to a Wage Subsidy Employer and seek Reimbursement, Transition to Work Providers must have obtained sufficient Documentary Evidence. The requirements for obtaining Documentary Evidence for Wage Subsidies are specified in the Documentary Evidence Guideline.</p>
<p>Transferred Arrangements Deed clause reference:</p> <ul style="list-style-type: none"> • Clause 84.3 	<p>If a Participant in a Wage Subsidy placement transfers to another Transition to Work Provider, then both the gaining and losing Providers must liaise with each other to ensure that both the Participant and Employer continue to be supported. In some circumstances (for example, business reallocation or Provider novation's), the Wage Subsidy Agreement may be transferred to the gaining Provider in the Department's IT Systems so they can continue to service the Wage Subsidy. The gaining Provider and Employer will be required to reapprove and re-sign the Wage Subsidy Agreement.</p>
<p>More information</p>	<p>For further information, contact your Account or Contract Manager or email: WageSubsidies@employment.gov.au.</p>