



**The Foundation for Young Australians + Tomorrow Movement**

# **Online job services that work for young people**

June 2021

## Executive Summary

The Tomorrow Movement and the Foundation for Young Australians (FYA) welcome the opportunity to provide policy analysis and recommendations to the Education and Employment Legislation Committee for the inquiry (**Inquiry**) into the Social Services Legislation Amendment (Streamlined Participation Requirements and Other Measures) Bill 2021 [Provisions] (**Bill**).

This submission highlights the following:

1. **The post COVID-19 reality of the labour market for young people:** The labour market was weak prior to the global pandemic, with almost one in three un or underemployed. COVID-19 and the resulting recession disproportionately impacted young people and their employment prospects have not recovered in line with other age brackets.
2. **More time is needed to analyse this Bill and understand the impact on different communities:** The limited timeframe for review of this Bill is not sufficient to analyse the policy implications and potential unintended consequences of the Bill for job seekers and hear from communities who are affected.
3. **The shift towards the New Employment Services Model and the risks with the digital provision of job services need to be managed effectively:** Co-design, co-delivery and effective feedback loops will support effective management of implementation and delivery risks.
4. **There should be no delays in starting income support:** This Bill introduces changes that will delay the start date of income support payments for job seekers utilising online services that will reduce their total income support payments overall.
5. **Income support payments should be at a liveable rate and not conditional:** The current rates of Youth Allowance, JobSeeker and other income support payments are substantially below the poverty line and are the second lowest rates of payment in Organisation for Economic Co-operation (OECD) countries. Mutual obligation requirements such as reporting and employer hotlines do not increase employability, and should be removed.
6. **The Australian Government needs to invest in effective and sustainable job creation:** There are currently more job seekers than jobs available. Direct investment in job creation that transitions Australia to a green economy through a Climate Jobs Guarantee is critical.

### Summary of recommendations

The Tomorrow Movement and FYA recommend that the Senate Committee take the following actions in relation to the Bill:

1. Recommend that the inquiry into the Social Services Legislation Amendment (Streamlined Participation Requirements and Other Measures) Bill 2021 [Provisions] extend the timeframe for reporting by 2 months to ensure the Committee has adequate time to hear from young people directly affected by the proposed changes, and community and policy analysts.
2. Ensure the roll out of the New Employment Services Model uses appropriate co-design and co-delivery methods with timely feedback loops to identify risks and negative impacts on young people and their income.
3. Amend Schedule 8 of the Bill to ensure that the start date of income support payments once approved is back-dated to the day the person first became eligible for the payment rather than the date they accept their jobs plan, regardless of whether they are referred to an employment services provider or online services.

We recommend that the Committee also consider recommending that the Australian Government:

4. Ensure that the rates of Youth Allowance, JobSeeker and other income support payments are above the poverty line (i.e. at least \$550 per week) and that their payment is not conditional on satisfying mutual obligations.
5. Commit to a Climate Jobs Guarantee to meet the dual challenges of effective job creation for young people and sustainably transitioning our energy system.

# 1. Post-COVID labour market reality for young people

## Young workers were already entering a weak labour market pre-COVID-19

Even prior to COVID-19, a weak labour market<sup>1</sup> has led to a number of worrying trends for young people entering the workforce:

- **High youth underutilisation:** Almost one in three young people were unemployed or underemployed prior to COVID-19.<sup>2</sup>
- **Increase in casual full-time work:** Since 1992, the number of young people (15-24) in casual full-time employment has more than doubled.<sup>3</sup>
- **Growth of the gig economy workforce:** Since 2016, the gig economy workforce is estimated to have grown by 340% with young people (under 35) making up over 50% of this workforce.<sup>4</sup>
- **Experiences of wage theft:** Young people are disproportionately exposed to issues of wage theft as demonstrated by several major cases during 2019.<sup>5</sup>
- **Low or zero wage growth for young workers:** Young workers aged 20-34 experienced nearly zero growth in real wage rates from 2008 to 2018.<sup>6</sup>

## COVID-19 exacerbated existing inequalities in the labour market

COVID-19 has negatively impacted every element of young people's working lives. In 2020, young people were disproportionately exposed to the risks of job losses and are likely to feel the impact of the pandemic for the next decade in their careers.<sup>7</sup>

- **Disproportionate job losses:** Young people were overrepresented in some industries hardest hit by COVID-19.<sup>8</sup>
- **Job losses concentrated on casual work:** The number of casual jobs in small business fell 25% between March and April 2020, compared to 2% for full time and 5% for part time jobs.<sup>9</sup>
- **Scarring effects may linger for a decade:** Insights from previous recessions show that young people may experience scarring effects in the labour market for up to a decade resulting in lower wages, higher likelihood of overqualification and higher rates of un- and underemployment.<sup>10</sup>

## The labour market has not recovered for young people

Young people are still experiencing high levels of un- and underemployment and insecure work. The youth unemployment rate is currently 10.6% as at April 2021 - almost double the general rate of unemployment.<sup>11</sup> There is currently only 1 job for every 9 people searching.<sup>12</sup>

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<sup>1</sup> Productivity Commission (2020), "Climbing the jobs ladder". Available at:

<https://www.pc.gov.au/research/supporting/jobs-ladder>

<sup>2</sup> Foundation for Young Australians (2018), "The New Work Reality". Available at:

<https://www.fya.org.au/report/the-new-work-reality/>

<sup>3</sup> *ibid.*

<sup>4</sup> Foundation for Young Australians (2020), "The New Work Standard". Available at:

<https://www.fya.org.au/report/the-new-work-standard/>

<sup>5</sup> See Young Workers Centre (2019) for more information:

<https://youngworkerscbr.org.au/2020/01/2019-a-crisis-year-for-wage-theft/>

<sup>6</sup> Productivity Commission (2020), "Climbing the jobs ladder".

<sup>7</sup> *ibid.*

<sup>8</sup> Foundation for Young Australians (2020), "The New Work Standard".

<sup>9</sup> *ibid.*

<sup>10</sup> Productivity Commission (2020), "Climbing the jobs ladder".

<sup>11</sup> ABS (2021), "Labour Force, Australia". Available at:

<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>

<sup>12</sup> ACOSS (2021), "ACOSS calls on Government to do the right and smart thing on JobSeeker ahead of expected decision." Available at:

[https://www.acoss.org.au/media\\_release/acoss-calls-on-government-to-do-the-right-and-smart-thing-on-jobseeker-ahead-of-expected-decision/](https://www.acoss.org.au/media_release/acoss-calls-on-government-to-do-the-right-and-smart-thing-on-jobseeker-ahead-of-expected-decision/)

## 2. Adequate time to understand the Bill's potential impact and hear directly from young people

The limited timeframe for review of this Bill is not sufficient to analyse the potential impact of the Bill on young people looking for work. The principles of streamlining and digitising employment services systems reflect the recommendations from the Employment Services Expert Advisory Panel's *I want to work* report.<sup>13</sup> The report highlighted the importance of the future employment services system being digital, personalised and easier to use. Young people will benefit from online systems that work to reduce travel time and reduce in person appointments, particularly some young people with limited access to transport, in regional areas, and some people with disability.

However, the online system must be properly co-designed, tested and safeguarded to ensure people's incomes are not adversely affected, and to ensure it is easy and straightforward for people to engage with employment supports. It is crucial that prior to the Committee making your recommendations to the Australian Parliament that there is confidence that the automated aspects of the proposed system will achieve the Bill's objectives, and young people's voices and experiences are heard by Committee members to ensure the online system addresses their concerns.

We recommend that the Committee schedule hearings including witness testimony from young people about their experiences of job services which the Bill should address and any concerns around proposed changes. The Tomorrow Movement and FYA can assist the Committee to connect directly with young people willing to give evidence about their personal experiences and to outline the impact of the Bill's proposed changes to their lives.

### RECOMMENDATION 1

Recommend that the inquiry into the Social Services Legislation Amendment (Streamlined Participation Requirements and Other Measures) Bill 2021 [Provisions] extend the timeframe for reporting by 2 months to ensure that the Committee has adequate time to hear from community and policy analysts, and young people directly affected by the proposed changes.

## 3. Implementation risks need to be identified and addressed in the transition to digital employment services

The digitisation of employment services represents a significant shift in service delivery and requires consideration about appropriateness, risks and unintended consequences. For some, it has transformative potential, while for others it may reduce accessibility and utility, particularly for service users who come from lower socio-economic backgrounds without easy access to computers, people who speak English as a second language or some people with disabilities.

A recent study into the digitisation of social services among First Nations people in regional and remote areas found a range of barriers to use, including service cost, residential mobility, housing suitability, and computer accessibility.<sup>14</sup> These demographic and representational inequities highlight that further investigation led by First Nations communities needs to occur to identify the systemic issues that must be addressed before there can be equitable access to digital services.

<sup>13</sup> Employment Services Expert Advisory Panel (2020), "I want to work, Employment Services 2020 Report." Available at: [https://docs.employment.gov.au/system/files/doc/other/final\\_-\\_i\\_want\\_to\\_work.pdf](https://docs.employment.gov.au/system/files/doc/other/final_-_i_want_to_work.pdf)

<sup>14</sup> O'Sullivan and Walker (2018) "From the interpersonal to the internet: social service digitisation and the implications for vulnerable individuals and communities", *Australian Journal of Political Science*, 53(4), pp.497.

Similarly, the experience of recent attempts to digitise key aspects of Australia's social service system support this need for greater planning and, most importantly, co-design to ensure that service users' voices are embedded within the process and in the ongoing monitoring and evaluation of the system.

A clear risk of digitisation was realised through the digitisation and automation of Centrelink's Online Compliance Intervention (OCI) system. This system known colloquially as the 'robodebt' program,<sup>15</sup> has been responsible for approximately \$1.5bn in unlawful debts recovered forcefully from many Australians living below the poverty line.<sup>16</sup> This system was a result of the government's digital strategy, which sought to rebuild service delivery through a 'highly automated back office that eliminates almost all manual processing and case management'.<sup>17</sup> Given the harms caused by previous attempts to digitise aspects of the social security system, greater safeguards, co-design and user testing is required to build community trust and ensure online systems are fit for purpose.

The financial and mental health cost of the mismanagement of digitalisation within the social services system highlights the need to embed users more directly into design processes.

## **RECOMMENDATION 2**

Ensure the roll out of the New Employment Services Model uses appropriate co-design and co-delivery methods with timely feedback loops to identify risks and negative impacts on young people and their income.

## **3. It will take job seekers longer to receive payments**

The Bill currently proposes delaying the start date for job seekers who are referred to online employment services to match those who are referred to providers.<sup>18</sup> This will adversely affect future recipients of income support payments who are referred to online employment and reduce their total income support payments, further exacerbating the final hardship they are experiencing.

The Tomorrow Movement and FYA recommend amending Schedule 8 of the Bill to ensure that the start date of income support payments once approved is back-dated to the day the person first became eligible rather than the date they accept their jobs plan, regardless of whether they are referred to an employment services provider or online services.

## **RECOMMENDATION 3**

Amend Schedule 8 of the Bill to ensure that the start date of income support payments once approved is back-dated to the day the person first became eligible for the payment rather than the date they accept their jobs plan, regardless of whether they are referred to an employment services provider or online services.

<sup>15</sup> Henriques-Homes (2020), "Robodebt scandal: 'vanishing' Centrelink debts condemned by MPs and campaigners" *Guardian Australia*, retrieved from: <https://www.theguardian.com/australia-news/2021/may/07/robodebt-responsible-for-15bn-unlawful-debts-in-very-sorry-chapter-court-hears>.

<sup>16</sup> *ibid.*

<sup>17</sup> Digital Transformation Agenda, Australian Government Digital Transformation Agency. (2018). Retrieved from <https://www.dta.gov.au/what-we-do/transformation-agenda/>

<sup>18</sup> Parliament of Australia (2021), "Social Security Legislation Amendment (Streamlined Participation Requirements And Other Measures) Bill 2021 Explanatory Memorandum". Available at: [https://parlinfo.aph.gov.au/parlinfo/download/legislation/ems/r6718\\_ems\\_85770f20-bfc4-4652-b35a-a694e392ee35/upload\\_pdf/1C002281.pdf;fileType=application%2Fpdf](https://parlinfo.aph.gov.au/parlinfo/download/legislation/ems/r6718_ems_85770f20-bfc4-4652-b35a-a694e392ee35/upload_pdf/1C002281.pdf;fileType=application%2Fpdf)

## 4. Everyone deserves access to a liveable income that is not conditional

*“Young people shouldn’t have to choose between going to the doctor or paying their rent. We shouldn’t be living on rates lower than the current poverty level.” Tiana, recipient of JobSeeker - aged 21*

### The current rates of JobSeeker and other income support payments are not liveable

There are currently 212,000 young people (under 25) on JobSeeker and Youth Allowance (non-student payments) in Australia.<sup>19</sup> The current rates of JobSeeker and Youth Allowance are \$44.35 and \$36.60 per day respectively, substantially below the poverty line.<sup>20</sup> This rate is 41% and 34% of the minimum wage respectively, this is the same as 2007.<sup>21</sup>

These rates of Youth Allowance and JobSeeker have put Australia far below most developed and progressive economies in the world in terms of unemployment benefits. In fact, Australia has the second lowest rate in the Organisation for Economic Co-operation (OECD), only ahead of Greece.<sup>22</sup>

At this rate of payment young people struggle to pay for basics like food and rent. They are already increasingly locked out of rental markets, with analysis showing that 0% of rental listings are affordable for young people on JobSeeker and Youth Allowance at pre-COVID rates.<sup>23</sup>

### Young people need a liveable income to look for work

Looking for work takes time and costs money, and can be difficult for young people experiencing high levels of financial stress. The OECD has found that higher income support payments means less financial stress and as a result a higher ability to commit to job searching and pay for transport, clothing and other costs for job interviews.<sup>24</sup> The report also highlighted that the rate of Newstart had fallen to the point where questions could be asked about its “effectiveness in providing sufficient support for those experiencing a job loss, or enabling someone to look for a suitable job.”<sup>25</sup>

### Mental health impacts of financial stress are too high

Living below the poverty line can have devastating impacts across people’s lives, including:

- Housing instability due to inability to make rental payments;
- Exacerbating existing intersecting crises such as family violence or homelessness; and

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<sup>19</sup> Australian Bureau of Statistics (2021), “DSS Payment Demographic Data”. Available at: <https://data.gov.au/data/dataset/dss-payment-demographic-data/resource/e9de2352-c21b-4c5f-bb5b-02020227f1eb>

<sup>20</sup> Rates referenced are for a single person, living without dependents, and out of home or independent for Youth Allowance.

Grattan Institute (2021), “Now is an especially bad time to cut unemployment benefits”. Available at: <https://grattan.edu.au/news/now-is-an-especially-bad-time-to-cut-unemployment-benefits/>

<sup>21</sup> Grattan Institute (2021), “Now is an especially bad time to cut unemployment benefits”.

<sup>22</sup> *ibid.*

<sup>23</sup> Anglicare (2020), “Special Release: Rental Affordability Update.” Available at: <https://www.anglicare.asn.au/docs/default-source/default-document-library/special-release-rental-affordability-update.pdf?sfvrsn=4>

<sup>24</sup> OECD (2010), “Survey of Australia”. Available via The Conversation at: [https://cdn.theconversation.com/static\\_files/files/1345/Extract\\_from\\_OECD\\_2010\\_Survey\\_of\\_Australia.pdf?1606449879](https://cdn.theconversation.com/static_files/files/1345/Extract_from_OECD_2010_Survey_of_Australia.pdf?1606449879)

<sup>25</sup> *ibid.*

- Increasing the risk of death by suicide.<sup>26</sup>

The compounding impact of financial stress and flow-on consequences also has grave mental health impacts. Research has found that poverty and inadequate income substantially increase the risk of depression and psychological distress.<sup>27</sup>

### **Mutual obligation requirements don't increase employability**

*"I've applied for around 100 jobs and despite having experience in retail and admin I've only had five interviews. One reception job I applied for had 90 applicants! It's very disheartening, it's clear that something has to change." Hannah, recipient of Youth Allowance - aged 22*

The government's announcements earlier this year and in the Federal Budget to amend mutual obligation requirements, including the business reporting hotline and increased mutual obligation requirements,<sup>28</sup> are not the changes needed to support young people seeking jobs.

Mutual obligation requirements, even in a period of higher job availability, have a number of negative impacts on job seekers including:

- Stigma associated with participating in the program;
- Changes in job searching behaviours (typically a reduction in job searching due to work/placement commitments needed to receive support), and;
- Type of intervention typically provided by these programs, which include general work experience instead of training and building skills and capabilities for individuals.<sup>29</sup>

Employment services which enforce mutual obligation requirements do not increase employability and instead leave individuals desperate for a livable income. The tough obligations and conditions leave young people stranded as their payments are unexpectedly cancelled, sometimes with little warning, forcing them to live without an income for an unknown period of time.<sup>30</sup>

## **RECOMMENDATION 4**

Ensure that the rates of Youth Allowance, JobSeeker and other income support payments are above the poverty line (i.e. at least \$550 per week) and that their payment is not conditional on satisfying mutual obligations.

<sup>26</sup> ACOSS (2020), "Briefing paper on impact of financial distress on mental health". Available at: [https://www.acoss.org.au/wp-content/uploads/2020/09/2020\\_08\\_28\\_ACOSS-Briefing-Paper\\_Impact-of-financial-distress-on-mental-health-re-COVID-19-2.pdf](https://www.acoss.org.au/wp-content/uploads/2020/09/2020_08_28_ACOSS-Briefing-Paper_Impact-of-financial-distress-on-mental-health-re-COVID-19-2.pdf)

<sup>27</sup> ACOSS (2020), "Briefing paper on impact of financial distress on mental health". Available at: [https://www.acoss.org.au/wp-content/uploads/2020/09/2020\\_08\\_28\\_ACOSS-Briefing-Paper\\_Impact-of-financial-distress-on-mental-health-re-COVID-19-2.pdf](https://www.acoss.org.au/wp-content/uploads/2020/09/2020_08_28_ACOSS-Briefing-Paper_Impact-of-financial-distress-on-mental-health-re-COVID-19-2.pdf)

<sup>28</sup> Ministers for the Department of Social Services (2021), "Morrison Government commits record \$9B to social security safety net." Available at: <https://ministers.dss.gov.au/media-releases/6751>

<sup>29</sup> *ibid.*

<sup>30</sup> Williams (2020), "My Youth Allowance has been cut just before Christmas." Available at: <https://www.theguardian.com/australia-news/2020/dec/24/my-youth-allowance-has-been-cut-just-before-christmas-im-confused-worried-scared>

## 5. A Climate Jobs Guarantee

Investment in sustainable job creation is needed to ensure young people do not bear the brunt of the post-COVID recession for the next decade.<sup>31</sup>

The Australian Government should create jobs to solve the problems faced by our communities. Transitioning our energy system and preparing our cities and towns to withstand the impacts of climate change could create thousands of jobs. The Australian Government should commit to a Climate Jobs Guarantee and invest resources into solving the biggest crises of our time.<sup>32</sup>

A Climate Jobs Guarantee would guarantee anyone — regardless of age, education levels or location — a permanent, unionised job that pays a living wage. The jobs created by a Climate Jobs Guarantee would be meaningful work that enriches and serves our communities, gets us to 100% clean and renewable energy by 2030 and manages the climate impacts we can no longer avoid. This program would be administered locally and include investment in public sector jobs that serve real needs in communities. In particular, First Nations peoples should have self-determination over the work done on their country and in their communities.

### RECOMMENDATION 5

Commit to a Climate Jobs Guarantee to meet the dual challenges of effective job creation for young people and sustainably transitioning our energy system.

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<sup>31</sup> See recommendations from FYA's New Work Standard report for recommendations on job creation at: Foundation for Young Australians (2020), "The New Work Standard". Available at: <https://www.fya.org.au/report/the-new-work-standard/> See recommendations from the Brotherhood of St Laurence's (BSL) report on transforming the employment system for young people: BSL (2020), "Seizing the opportunity." Available at: [http://library.bsl.org.au/jspui/bitstream/1/11908/7/BSL\\_Youth\\_employment\\_fw\\_k\\_2020.pdf](http://library.bsl.org.au/jspui/bitstream/1/11908/7/BSL_Youth_employment_fw_k_2020.pdf)

<sup>32</sup> Tomorrow Movement (2020), "Climate Jobs Guarantee." Available at: <https://tomorrowmovement.com/climate-jobs-guarantee/>.

## About FYA

Today's generation of young people in Australia are facing unprecedented and intersecting crises. They also have the skills, insight and ambition to address them.

FYA's vision is that young people have the power to beat injustice and transform the future. In pursuit of this vision, our purpose is to back young people with the trust, resources, skills, and connections to make change.

### Contact:

Lee Carnie (they/them)  
Executive Director - Advocacy  
[lee.carnie@fya.org.au](mailto:lee.carnie@fya.org.au)  
0402 088 060

## About the Tomorrow Movement

We are an unstoppable movement of young people fighting for a society with good jobs, great public services and a safe climate for all.

We are organising young people all over the country to fight for a tomorrow that works for everyone, not just big business.

### Contact:

Cat Nadel (she/her)  
Director  
[cat@youngcampaign.org](mailto:cat@youngcampaign.org)  
0418 375 905