Australian Youth Affairs Coalition

Submission to the Workforce Australia Employment Services Inquiry

Australian Youth Affairs Coalition

Introduction

Australian Youth Affairs Coalition (AYAC) is the national voice and advocate for young people. We represent more than 4.5 million young people across the country. We're the national peak body and our members include young people, youth-led organisations and youth sector organisations that support and work with young people.

We welcome the opportunity to provide input into the Select Committee's Inquiry into the implementation, performance and appropriateness of Workforce Australia Employment Services (the Inquiry). Many young people use Workforce Australia services, and so the Inquiry needs to be guided by the voices and experiences of young people. Young people historically make up a larger proportion of the unemployed population. For example, in January 2023 the unemployment rate in Australia was 3.5%, and the youth unemployment rate was nearly double that at 7.8%.[1] This pattern is due to factors such as lack of work available (especially lack of entry level jobs), low demand for young workers due to slow economic growth, and the continuing rise in casual and insecure work.[2]

There have been several inquiries into the various iterations of Australia's employment services system at this point (Job Services Australia, jobactive), and they have all demonstrated that there is a clear need for a first principles remodel of employment services in Australia.[3] This reform needs to be guided by the lived experience of people who use services, especially young people.

In March 2023, we partnered with the Australian Unemployed Workers' Union to hold a workshop with young people who have used Workforce Australia to share their experiences, ideas and recommendations. Our submission is guided by what we heard from young people in this workshop and focuses on what young people need to feel supported by employment services and what needs to change within the current system. Overall,

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1 Australian Bureau of Statistics (ABS), January 2023. 'Labour Force, Australia', https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release

2 Eliza Littleton and Rod Campbell, 2022. 'Youth unemployment and the pandemic'. The Australia Institute, https://australiainstitute.org.au/wp-content/uploads/2022/04/P1143-Youth-unemployment-and-pandemic-Australia-Web.pdf

3 Parliament of Australia, 2022. 'Submission Guide: Inquiry into Workforce Australia Employment Services'. House of Representatives Select Committee on Workforce Australia Employment Services, https://www.aph.gov.au/Parliamentary_Business/Committees/House/Workforce_Australia_Employment_Services/WorkforceAustralia/Submission_Guide

we heard that employment services need to be strength-based and they need to support and assist young unemployed people, not punish them.

Summary of Recommendations

1. The first principles review of Workforce Australia should be informed by consultation with young people.
2. Workforce Australia needs to move from a culture of punishment, deficit and compliance to a culture that is strength-based and focused on genuinely assisting jobseekers.
3. Mutual obligations need to be either heavily reduced, abolished altogether, or paused for an appropriate grace period, as evidence overwhelmingly shows that the current system is causing undue stress and is not an effective way to support jobseekers.
4. A commitment needs to be made to change the current profit-focused and market-based culture at Workforce Australia, to ensure young people are supported by staff who have the skills and time available to work with them towards the goal of stable employment.
5. The first principles review of Workforce Australia should research and adequately consider replacing Workforce Australia with a publicly owned employment services system, to shift the focus of the system to providing the support, mentoring and training needed by young jobseekers, especially those with complex needs.
6. Payment rates for Youth Allowance and JobSeeker should be raised to at least $73 a day, to support job seeking and to establish an adequate social safety net for unemployed people to fall back on.
7. Increase Youth Allowance rates for students and unemployed young people to match JobSeeker rates, recognising that the cost of living is not lower for young people.
8. Provide clearer information online or a feature in the Centrelink App to allow income support recipients to be aware of reductions to their routine payments ahead of time.

Response to the Terms of Reference and Recommendations

We have detailed our justification for making these recommendations below.

1. What employment services should do

In line with the Inquiry's first principles remit, we asked young people to define employment services and their purpose. We heard that employment services should:

- help people enter the workforce;
- provide the basic skills and training needed to transition from unemployment or study into stable employment;
- be strength-based;
- help people apply for jobs if they want or need assistance, and identify work to apply for;
- help people to get the kind of employment they want (e.g., casual vs. full-time);

- direct people into jobs that can support their individual needs (e.g., not just apply a one-size fits all approach to people who are parents, have a chronic illness, are disabled, or are experiencing mental ill health); and
- act as a guarantee that people who are looking for work will get it.

We heard from young people that the ultimate goals of the system should be getting people into the kind of employment they want, when they want, under safe conditions that support them and meet their needs. However, there is a big difference between what the purpose of employment services should be, when compared to the reality of the current system. In our workshop we also heard a lot from young people about what employment services should not do, based on their experience. We heard that employment services should not:

- blame individuals for being unemployed;
- penalise people who are struggling to find work or are unable to perform certain kinds of work;
- push people into the first available job indiscriminately, without first ensuring that the work is stable, safe, secure and pays fairly;
- treat unemployment as a bad and undesirable position to be in;
- be deficit-based; or
- view unemployment as a personal, individual issue separate from larger systems.

The 2019 Senate Inquiry into jobactive found that there has continually been a lack of consultation with young people in the design and development of contracted employment services.[4] To ensure employment services in Australia are connected to their purpose, young people should be consulted and involved in any potential reform of Workforce Australia.

Recommendation 1: *The first principles review of Workforce Australia should be informed by consultation with young people.*

2. Mutual Obligations

We asked young people about areas of concern within the current Workforce Australia system, and many of these concerns related to mutual obligations. The rigid and punitive nature of mutual obligations currently makes navigating the system very challenging for young jobseekers, with young people reporting that their payments could be cut off under very unforgiving circumstances. In our workshop young people reported the following issues with mutual obligations:

- The number of jobs you must apply for are unreasonable and unrealistic. We heard from one young person who was expected to apply for 20 jobs per month when they were living in a very rural area.

[4] National Youth Commission Australia, 2022.

- Payment cut-offs are very common and unforgiving. We heard about young people whose payments were cut off immediately if a phone appointment was missed, even when the appointment was missed because the employment services provider did not call.
- Information provided about your obligations as a jobseeker is hard to find and the website is not very accessible. Young people reported that it is very difficult to understand how mutual obligations works and how to navigate the system without getting your payments cut off.

The consequence of these conditions is that meeting mutual obligations becomes a chore that takes time and energy away from activities that are actually productive for young people such as studying and training. Ultimately young people end up applying for any jobs, even ones they are completely unqualified for, just so their income support payments won't get cut off. This is a waste of time for employers and "becomes an exercise in despair and disappointment for young people and serves to further discourage and demoralise".[5]

The Submission Guide for the Inquiry states that 'the setting of obligations seeks to strengthen jobseekers' motivation to prepare for, find and keep work.'[6] The underlying assumption guiding mutual obligations is that they will 'support' jobseekers to continually engage with the labour market. In reality, mutual obligations act as a condition to the receipt of income support. Mutual obligations punish people for being unemployed and are unduly harsh on jobseekers who have a disability or are experiencing mental ill-health, family violence, addiction or trauma.

Reform is needed, to build employment services that focus on mentoring and supporting young people who are looking for work, rather than maintaining the current punitive approach.[7] One suggestion for reform that we heard from young people was the possibility of a six-month grace period, which would allow job seekers a period of six months in which they could apply for jobs and undertake training without mutual obligations. This would allow jobseekers to productively use their time for job searching and training without the reporting and meetings involved with mutual obligations, and it would remove the constant threat of income support payments being cut off.

Recommendation 2: *Workforce Australia needs to move from a culture of punishment, deficit and compliance to a culture that is strength-based and focused on genuinely assisting jobseekers.*

Recommendation 3: *Mutual obligations need to be either heavily reduced, abolished altogether, or paused for an appropriate grace period, as evidence overwhelmingly shows that the current system is causing undue stress and is not an effective way to support jobseekers.*

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5 National Youth Commission Australia, 2022.

6 Parliament of Australia, 2022. 'Submission Guide: Inquiry into Workforce Australia Employment Services'. House of Representatives Select Committee on Workforce Australia Employment Services, https://www.aph.gov.au/Parliamentary_Business/Committees/House/Workforce_Australia_Employment_Services/WorkforceAustralia/Submission_Guide

7 National Youth Commission Australia, 2022.

3. Privatised and Market-Based Employment Services

The young people we spoke to were also concerned about the ways in which employment services are now commercialised and market-based. These issues have been raised in past reviews of employment services in Australia and are usually linked to the privatisation of employment services. Young job seekers are often referred to as customers or clients under current employment services, and the system is generally defined by a one-size fits all standardised approach.

Due to the commercial nature of employment services now, staff must keep up with high caseloads and work to market-based KPIs, and as a result they are not able to properly assist young people who may have complex needs. Young people also reported high staff turnover rates to us, with one young person stating they had been with at least four different case managers since Workforce Australia commenced in July 2022. This market-based system also affects training, with young people reporting to us that they were often pushed into employment providers' in-house trainings or trainings hosted by subsidiaries of their employment provider that were generic or for basic tasks such as resume building rather than the more specific training they had requested such as Responsible Service of Alcohol courses.

The National Youth Commission Australia has found that current employment services are failing young unemployed people because of the commercial focus that has emerged and become the underpinning culture of these services.[8] Many of these systemic issues can be linked to the nature of a privatised system. Currently, case managers are often driven by organisational pressure to get unemployed young people into any job as soon as possible so they can see the maximum number of clients and maximise private profits. Young people told us that a better system would be one in which you could meet a case manager genuinely on your side, who would be driven by your needs in terms of what support, training or education you want or require to get into a stable job.

Recommendation 4: *A commitment needs to be made to change the current profit-focused and market-based culture at Workforce Australia, to ensure young people are supported by staff who have the skills and time available to work with them towards the goal of stable employment.*

Recommendation 5: *The first principles review of Workforce Australia should research and adequately consider replacing Workforce Australia with a publicly owned employment services system, to shift the focus of the system to providing the support, mentoring and training needed by young jobseekers, especially those with complex needs.*

4. Workforce Australia and Income Support Payments

In the Inquiry Submission Guide, the Committee identified one of the main objectives of the current employment services system to be 'discourage reliance on welfare by attaching mutual obligation requirements and other

[8] National Youth Commission Australia, 2022.

conditions to the receipt of income support'.[9] The Submission Guide also raised questions regarding 'what should be required of those furthest from the labour market in return for income support payments'.[10] Such assumptions regarding Workforce Australia raise questions about the relationship between employment services and income support payments, and if, indeed income supports payments should ever be considered conditional or as something that people need to 'earn' or 'deserve'. These policy and ethical questions should be properly considered, with young people's voices included, as part of a first principles review of Workforce Australia.

The connections between employment services and income support payments are complex, but currently the relationship between the two is one based on scarcity and disincentives. The government has expressed the desire to discourage welfare reliance, but in reality, young people are getting pushed to engage with job providers or choosing to find work because the rates of income support are unliveable. Young people told us that it feels like the goal of social security is to make living on JobSeeker or Youth Allowance so difficult that it pushes people to get off these payments as soon as they can. This is unethical and not the purpose of a social security system.

Low Payment Rates Do Not Incentivise Job Seeking

The current approach appears to rely on the idea that low payments will create a disincentive to remaining on income support, but the experience of the COVID supplement demonstrates that higher payments provided the necessary resources to find work.[11] Young people reported to us that when they were receiving the COVID supplement, they were able to afford to travel to job interviews and get decent clothes for work, which cannot be done on current income support rates. One young person said that the COVID supplement helped them look for work more than any employment service provider they have seen.

Recent evidence has found that using low income support rates as a disincentive to staying on welfare does not work or help people to find a job.[12] For example, an evaluation of the European Youth Guarantee in France found that as a result of low income support payments, young people lived in 'a situation of vulnerability that did not allow them to make the most of the programme', and as a result the employment services program offered did not break the cycle of labour market exclusion that young people were in.[13]

Jobseeker and Youth Allowance Rates Must Be Raised

Currently the maximum daily Youth Allowance rate for individuals without children is $40, and for JobSeeker payments the rate is $48.[14] These rates are well below the poverty line, and there is a strong evidence base

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9 Parliament of Australia, 2022. 'Submission Guide: Inquiry into Workforce Australia Employment Services'. House of Representatives Select Committee on Workforce Australia Employment Services, https://www.aph.gov.au/Parliamentary_Business/Committees/House/Workforce_Australia_Employment_Services/WorkforceAustralia/Submission_Guide

10 Ibid.

11 Matt Grudnoff, 2021. 'Unemployment payments and work incentives: An international comparison'. The Australia Institute, https://australiainstitute.org.au/wp-content/uploads/2021/02/P1035-Unemployment-payments-and-work-incentives-WEB.pdf

12 Ibid.

13 Sonia Arakkal, 2020. 'Why Australia needs a youth jobs guarantee: Labour market policy after COVID-19', https://www.ceda.com.au/getmedia/60c5f871-075a-4034-acb5-3ee770a81277/CCEP-Labour-2020-youth-jobs-Sonia-Arakkal.pdf

14 Australian Government, 2023. 'How much JobSeeker Payment can you get'. Services Australia, https://www.servicesaustralia.gov.au/how-much-jobseeker-payment-you-can-get?context=51411

demonstrating that these payment rates are now presenting a barrier to employment.[15] Youth unemployment cannot be seen in isolation from the other structural barriers young people are currently facing such as increasingly unaffordable housing, skyrocketing rent prices and spikes in the prices of food and utilities.[16] JobSeeker and Youth Allowance rates are inadequate, and to find work you need money to travel, to have an internet connection and access to a phone or computer, and in the current climate, this cannot be covered by income support payments.

Improvements Needed for Payment Reductions

In our workshop with young people, we also heard about the need for more transparency and clearer communication regarding income support payments. Due to payments being below the poverty line, many young people work, usually in casual positions, while on Youth Allowance or JobSeeker to supplement their income. Payment recipients must report their supplementary income, and once it reaches a certain level, Services Australia reduces their payment. However, young people told us that there is no clear communication regarding when and by how much payments will be cut if supplementary income is reported. Young people reported that it is difficult to budget ahead of time for large expenses such as rent when you cannot predict what your fortnightly income will be.

Recommendation 7: *Payment rates for Youth Allowance and JobSeeker should be raised to at least $73 a day, to support job seeking and to establish an adequate social safety net for unemployed people to fall back on.*

Recommendation 8: *Increase Youth Allowance rates for students and unemployed young people to match JobSeeker rates, recognising that the cost of living is not lower for young people.*

Recommendation 9: *Provide clearer information online or a feature in the Centrelink App to allow income support recipients to be aware of reductions to their routine payments ahead of time.*

Next Steps

To achieve the Inquiry's objective of a first principles review of Workforce Australia, young people's voices must be included and valued. AYAC would be pleased to provide further input to the Inquiry and to support consultation between young people and the Committee.

Contact Us

You can learn more at ayac.org.au and contact our Research Manager Marissa Pattison at [redacted]

[15] Australian Council of Social Service (ACOSS), 2022. 'How JobSeeker and other income support payments are falling behind the cost of living', https://www.acoss.org.au/wp-content/uploads/2022/09/ACOSS-cost-of-living-report_web_v02.pdf

[16] Sonia Arakkal, 2020. 'Why Australia needs a youth jobs guarantee: Labour market policy after COVID-19', https://www.ceda.com.au/getmedia/60c5f871-075a-4034-acb5-3ee770a81277/CCEP-Labour-2020-youth-jobs-Sonia-Arakkal.pdf