



Employment Package Policy Position Paper

Youth Affairs Council of Western Australia

May 6 2016

1. Statement:

The Youth Affairs Council of WA (YACWA) acknowledges that the Youth Employment Package announced in the 2016 Budget by the Federal Government has been divisive amongst the Youth Sector in WA.

We have reservations regarding the lack of detail, and the potential of this Employment Package to exploit vulnerable young people. We have seen international examples of similar programs that do nothing to challenge the perpetual cycles of systemic disadvantage that further exacerbate young people's chances of entering the workforce.

YACWA recognises the positive step away from the *Work for the Dole* program represented in the budget announcement, however, the lack of clarity about the development and implementation of the PaTH program causes concern.

We believe that if the right controls are put in place around the essential components of this policy, the package has potential to deliver positive outcomes for young people looking for work.

We implore the government to do more to provide additional resources for measures that support a stronger, more cohesive youth employment strategy.

The Employment Package in the Budget, and the Budget in its entirety, does not reflect the breadth of change YACWA would like to see in this area.

YACWA is calling for the Government to:

- **Immediately remove the four week wait for young people accessing income support**
- Make a commitment to create real jobs for young people
- Provide the critical details missing from this Youth Employment Package
- Make a commitment to fully engage the youth sector in the development and implementation of this policy
- Provide immediate funding to the Australian Youth Affairs Coalition (AYAC) to be a driving force behind the consultation and engagement of youth specialists across Australia to ensure real outcomes for young people

We will continue working with all levels of government to ensure that young people are considered and included in policy measures that affect them.

YACWA is committed to presenting the views of our members to The Minister for Employment, and encourage all members to provide us with their views on this program.

John Thomson
Acting CEO

2. Context

Nationally, young people in Australia face significant barriers to gaining employment, with 12% of 15-24 year olds unemployed as at March 2016 (ABS, Mar 2016). Locally in WA, youth unemployment mirrors the national average with 10.8% of young people reported to having been unemployed within the same period. This is almost double the state's overall unemployment rate of 5.5% at the time (ABS, Mar 2016).

'Any period of unemployment can increase the chance of subsequent and ongoing unemployment' (State Training Board of WA 2013), which is extremely concerning for young people who hope to enter the workforce. Furthermore, young jobseekers who are experiencing long periods of unemployment of 6 months to 1 year have increased from 20.3% in 2008 to 34.4% in 2015 (Carvalho 2015). This is recognised as being likely to impact on their future employability.

The perpetually misleading argument still exists that young people often lack the experience needed to secure and sustain meaningful employment. In truth, young people face multiple and complex barriers, such as lack of affordable education, difficulty in obtaining affordable housing, access to health services, as well as discrimination and exploitation in the workplace which all have a negative and cumulative effect on securing long-term employment. Furthermore, young people do not experience unemployment equally, with the following 'at-risk' cohorts facing longer periods of unemployment (SVA, Feb 2016):

- Young people with a disability
- Aboriginal & Torres Strait Islander young people
- Those with caring responsibilities
- Young people from low socio-economic communities and;
- Those without Year 12 attainment

The experience of young Australians in training and employment schemes has often been negative, with work placements leading to a continuous 'churn', without respect and appreciation for the interests and skills of young people, and a lack of genuine investment in building the capacity of young people.

Youth unemployment must be a priority in our national policy landscape, and more must be done to ensure young people are genuinely supported to achieve independence. This will result in the development of a resilient, experienced and diverse workforce.

3. The Policy

The Federal Government has announced \$840m over four years for a Youth Employment Package. A lot of attention has focused on one of the measures; the PaTH program. However, the Employment Package has 3 elements to it. They are::

1. **Work for the Dole Reform** (saving \$494.2m)

- o From 1 October 2016, Stream A job seekers will enter the *Work for the Dole* after 12 months of participation in *jobactive*, instead of the current 6 month period.

YACWA is supportive of The Government's shift away from *Work For The Dole* for young people, which only has a 2% conversion rate (Kellard et al, 2015) into employment for all people who enter the program.

[Click here](#) to find out more about *Work for the Dole* through the *Evaluation of Work for the Dole 2014-15*.

2. **Expansion of the *New Enterprise Incentive Scheme (NEIS)*** (additional \$88.6m)

- o Increase in number of places in NEIS to 8600 per annum with eligibility criteria expanded
- o Introduction of initiatives to expand self-employment opportunities including:
 - 'Exploring being your own boss' workshops to allow young people to explore self-employment.
 - Self-Employment and Entrepreneurship Starter Packs to raise awareness of assistance available to youth.
 - Facilitators in areas of high unemployment to connect young people to mentors and services.

YACWA acknowledges that increasing the number of places within the scheme, as well as the expansion of its eligibility criteria, is a positive step towards ensuring that more young people engage in this scheme, which is reported to have 85% of its participants still employed three months after the NEIS allowance has ceased (SVA, Feb 2016).

However, we would call for increased promotion of this scheme to ensure that more young people become aware of this opportunity - particularly for young people from 'at-risk' and 'vulnerable' backgrounds.

You can read more about the *New Enterprise Incentive Scheme* here in this report by Social Ventures Australia, p. 42 [Click Here](#)

3. Youth Jobs PaTH: Prepare - Trial - Hire (\$751.7 million)

- Funding to provide up to 30,000 young job seekers under the age of 25 with ‘work experience’ each year.
- The program will include an ‘employer mobilization strategy’
- The government will achieve savings of \$204.2m over four years through this program.
- There will be three phases to the PaTH program, which are outlined in the table below:

Phase	1	2	3
Overview	Industry endorsed pre-employment training for up to six weeks	Internship placements for between 4 and 12 weeks for between 15 and 25 hours per week	Employers then negotiate employment, or terminate internship.
Specifics	<ul style="list-style-type: none"> • Compulsory • Young people still on income support 	<ul style="list-style-type: none"> • Voluntary placements • Young people to receive additional \$200 payment on top of their income support fortnightly • Employer to receive \$1000 • Organised by Employment Services Providers • Have to be in employment services for 6 months to be eligible • Must be registered with jobactive, Disability Employment Services, or Transition to Work. 	<ul style="list-style-type: none"> • Employers will receive a wage subsidy of up to \$10,000 if the young person meets criteria

Stage 1 - YACWA is heartened by the government’s intent to improve young people’s skills and abilities to better prepare them for work, however, the training provided must be aligned to the relevant industry standard.

Stage 2 - YACWA has concern for the details yet to be released on the internship phase of the program, and calls on the government to consult with the youth sector, as well as other relevant sectors, and observe effective and ‘best practice’ international models in the implementation of this phase.

Stage 3 - YACWA is concerned by the potential of large businesses to exploit young people, as per the experience in the United Kingdom (See *Section 5 International Examples*).

You can read about the Youth Employment Package, from page 84-86 of Budget Paper no 2, or [Click Here](#)

4. What Young People Say:

YACWA Employment Survey

YACWA recently completed a survey with 993 respondents across WA on employment and found that:

- o 60% of respondents had been required to put in over 20 applications before securing a job the last time they were looking for work. Of this number, 26% were still not successful.
- o 75% said they had applied for 'lots' of jobs but did not secure many interviews.

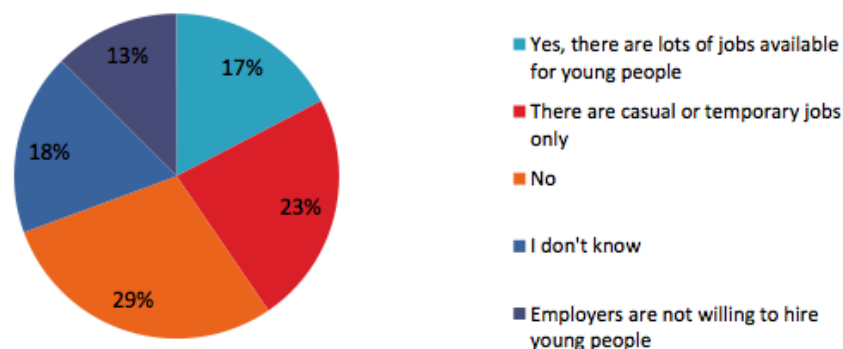
We know that young people are applying for jobs in a shrinking marketplace that is overcrowded and competitive. The majority of young people are also having to travel further to secure long-term work. Our members tell us that commutes of 1-2 hours are not uncommon for part-time retail work. With a lack of travel subsidies, and with a number of communities that are not well served by public transport, this introduces further barriers to young people who are trying to get a start into a sustainable job.

The YACWA Employment Survey Report will be released shortly. For more information, please email yacwa@yacwa.org.au

Youth Matters: Youth Survey Results April 2015

The WA State Training Board conducted a survey, completed in April 2015, showing that *only 17% of young people believe that 'there are lots of jobs available for young people'*.

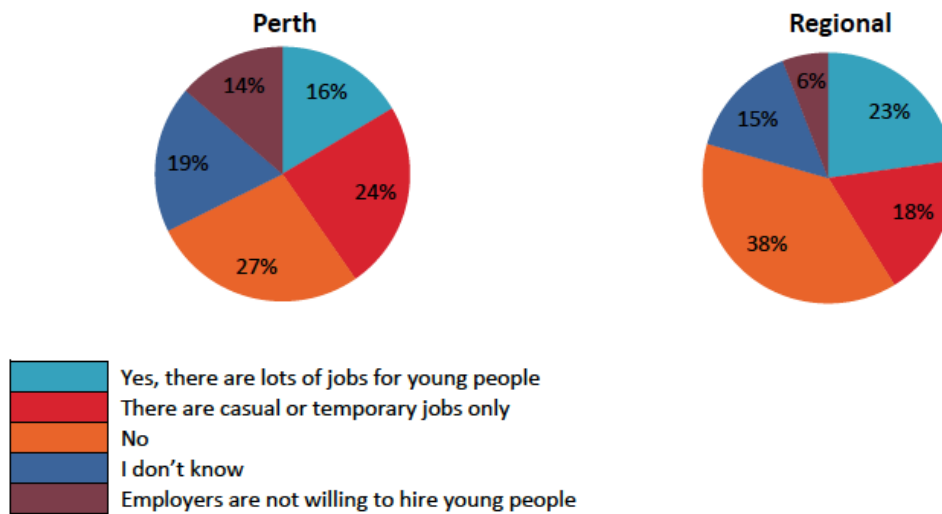
Figure 47: Are there enough jobs for young people in the local area? All respondents



21% of survey respondents did not provide a response to this question.

Of particular note, the survey found that 27% of young people in Perth, and 38% of young people living in Regional WA, believe that there are not enough jobs for young people in today's workforce.

Figure 49: Are there enough jobs for young people? Perth versus Regional



This data is important because it reflects the fact that a very significant proportion of young people feel demotivated and disengaged by the lack of available opportunities.

For more information on this survey, please [Click here](#)

Speak Out for Change: Youth Voices on Youth Issues Summit Report 2015

A report published by Save the Children Australia in November 2015, outlines the current perspectives of young people in regards to pertinent youth issues, one of which was Youth Employment.

The 102 young people engaged with this report were extremely concerned with respect to the following aspects of youth employment in WA:

- Youth unemployment is exacerbated by the ‘work-experience cycle’, where prospective employers require young people to have experience in order to get a job, yet young people are often unable to gain such experiences if they are unable to gain employment
- Young people need help sourcing access to employment support, as they often do not know where to go
- Young people believe that topics such as writing cover letters, looking for work and financial literacy should be included in the early years of secondary schooling.



'The work-experience cycle'

For more information on this report, please [Click Here](#)

Infosys International Survey: Young Australians Worry About Job Prospects

From surveying 1,000 young people from across Australia, the US, the UK, France, Germany, Brazil, China, South Africa and India, Infosys found that young Australians are pessimistic about their future job prospects, lack confidence in job skills and are reluctant to work for a start-up.

In comparison to other OECD countries where youth unemployment is higher, Australia surprisingly charted the lowest sentiment score across all countries surveyed, with only 12.66% of young Australians stating that they are 'extremely optimistic' about their future job prospects (Kofman, Jan 2016).

For more information on this report, please [Click Here](#)

5. International examples relating to the PaTH Program:

High unemployment for under 25s is not a problem unique to Australia; comparisons are often drawn between Australia 12% (ABS, 2016 [Click Here](#)), New Zealand 12.4% (Statistics NZ, 2016 [Click Here](#)), the United Kingdom 13.7% (UK Parliament, 2016 [Click Here](#)), and the USA 10.5% (Statista, 2016 [Click Here](#)).

As a result, comparable measures have been included in those countries' budgets to address the issue, with varying degrees of success.

Earn or Learn - an example from the UK

In the UK, the Conservative Government's "Earn or Learn Taskforce" (UK Government, 2015 [Click Here](#)) announced new measures in 2015 to introduce a "no excuses" (UK Government, 2015; The Guardian, 2015 [Click Here](#)) culture to youth unemployment. This scheme has been described by some, including Barnardos, as punitive (Barnardos, 2015 [Click Here](#)). It will take effect from April 2017, and see eligible claimants of *Jobseeker's Allowance* (Citizens Advice, 2016 [Click Here](#)) mandated to attend three-week "boot camps" within three weeks of submitting a claim. After boot camp, young people are forced to accept a job, apprenticeship, traineeship or unpaid work experience **or** risk losing their welfare payments for three months, six months, or three years, regardless of the suitability or appropriateness of the job for the young person (UK Government, 2015; The Guardian, 2013). These measures use negative incentives, and mandatory programs, instead of providing positive supports and structures for young people seeking work.

Year Up - NGO success - A comparable model?

By comparison, Year Up, a social purpose organisation operating in 16 cities across the USA (Year Up, 2016), has been generating some success in delivering what seems to be a comparable model to that announced in the Federal Budget; a combination of industry-approved training, and internships.

"The Year Up model combines intensive skills training for entry-level jobs in high-growth industries with social, emotional and financial support and work experience placements, all underpinned with strong connections to employer partners. Students receive six months of technical and professional skills training in areas including investment operations and information technology, business writing and communications" (Social Ventures Australia, 2016).

"During the second six months of the program, students complete an internship with the business partners to continue developing their skills, gain professional experience and grow their networks. During the program, participants receive a weekly stipend tied to a performance contract that ensures accountability" (Social Ventures Australia, 2016).

Since 2000, Year Up has served more than 13,000 young adults. Within four months of completing the program, 89% of graduates have secured employment or full-time education. The direct conversion rate from internships is 40%, that is, 40 per cent% of interns are employed at the end of the internship by the employment partner. “Independent evaluations show that the program leads to a substantial earnings gain for its participants (Mourshed, Farrell & Barton, 2012)” (Social Ventures Australia, 2016).

Similarly, the first stage of the PaTH employment package announced in the Federal budget provides “industry-endorsed pre-employment training (PREPARE)...to develop basic employability skills, including those required to identify and secure sustainable employment” (Australian Federal Budget, 2016, p.85).

The second stage of the PaTH program (TRIAL) provides an internship of up to 12 weeks, with a \$100 weekly stipend as a top-up to the existing welfare payment. Internships become available to job seekers after 6 months of engagement with jobactive, Disability Employment Services, or Transition to Work (Federal Budget, 2016, p. 85).

A success rate approaching 90% would make a significant improvement to the youth unemployment figure in Australia. YACWA would consider this a benchmark for measuring the PaTH program’s outcomes.

Comparison of the PaTH program with the Year Up Program

<p style="text-align: center;">PaTH Program</p> <p>Training duration 6 weeks</p> <p>Internship duration 4-12 weeks</p> <p>Weekly stipend \$100</p> <p>Stipend is a top-up to either: Newstart \$200.00</p>	<p style="text-align: center;">Year Up Program</p> <p>Training duration 6 months</p> <p>Internship duration 6 months</p> <p>Weekly stipend ~\$260₁</p> <p>Most young people in the USA are ineligible for unemployment benefits; in order to receive</p>
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All figures in AUD; weekly stipend for Year Up program varies by state;

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Whilst we acknowledge the differences between the proposed PaTH program, and the Year Up program - the different models, economies, and government v NGO - what we aim to demonstrate is the possible success rate that can be achieved through the **combination** of training and internships.

The Year Up program gives us an opportunity to measure the Australian Government's PaTH program, with an overall Employment, Education and Training success rate of 89% (within four months of graduation) and a direct internship conversion rate of 40%. We want to see this quantum of change for Australian young people, and encourage the government to consider this data as a part of its measurement strategy for this program.

6. What others have said about the package:

Australian Council of Social Services:

“We are very pleased to see the new approach to helping young people into paid work. This Budget recognises the failure of work for the dole, and has instead provided an opportunity for young people to get work experience in real jobs with a wage subsidy, something we have urged for some time and should be used more widely.”

You can view their press release [Here](#)

Mission Australia:

‘The Youth Employment Package, including the centrepiece Youth Jobs PaTH program, is a welcome alternative to work-for-the-dole, which has proved to be ineffective at assisting young people who often need extra help to move from school to a job’

You can view their press release [Here](#)

Anglicare:

“The emphasis on pathways out of youth unemployment is also welcome, although it comes at the cost of other employment programs.”

You can view their press release [Here](#)

St Vincent De Paul:

“While training is welcome and important, the proposed internship scheme is problematic in that it appears that it might be a clear opportunity for business to fill potential job vacancies with subsidised, and therefore very much cheaper, unprotected interns.”

You can view their media statement [Here](#)

7. YACWA Position Summary:

YACWA is passionate about ensuring the best outcomes for young people are the most important factor in all youth policy development. We also want to see that their rights, their views, and their input is included and valued by decision makers.

YACWA acknowledges that this budget is a step in the right direction, however, the measures in the Youth Employment Package do not address all issues unemployed young people are facing. Specifically, we are concerned

- by the Federal Government's inability to address the four week wait for assistance by welfare for young people.
- that this Employment Package does little to create new jobs for young people.
- at the lack of detail in this policy, which could lead to young people being exploited.

YACWA acknowledges that the Employment Package, in particular the PaTH program handed down in the 2016 Budget by the Federal Government, has been divisive amongst the youth sector in WA.

YACWA welcomes the fundamental shift from previous budgets that have penalised, mandated, and coerced young people to take part in experimental programmes, like *Work for the Dole*, that have completely failed to deliver meaningful outcomes for young people.

We are heartened by this approach, which indicates a change in thinking, treating young people with dignity and respect, and working from the assumption that young people know best about the decisions affecting their own lives.

Positives:

- YACWA welcomes a focus on Youth Unemployment in the budget.
- Acknowledgment that assistance is required to help vulnerable young people to become job ready is welcomed. We support the shift away from the *Work For the Dole* program.
- We reservedly support the alternative employment pathways for young people which have been developed, awaiting further detail.

Questions:

- Young people securing employment through this program is not guaranteed. What safeguards will be put in place to manage expectations? What is the expected success rate?
- Is the training in Phase 1 in line with national standards? Will this provide any recognised qualification for young people completing the training programs?

- What selection criteria will there be for business partners/employers in the internship program?
- What restrictions will be in place to limit the number of interns able to be employed by any one employer?
- How will the timing of Phase 1 and Phase 2 of the PaTH program impact the requirements young people are expected to meet in order to receive income support?
- What support or concessions will be available for young people who have to travel far away from home to be part of this program?
- Will the jobactive networks be able to achieve meaningful outcomes with the hardest to reach young people participating in the PaTH program?
- What incentives will be put into place to support jobactive networks to work with the most disadvantaged young people?

YACWA's Commitment

The Youth Affairs Council of Western Australia is committed to representing all young people -particularly those that are deemed at risk or disadvantaged, the workforce that supports them, and our members.

YACWA is committed to tracking further developments in this area as more detail is released, and ensuring the views of the Youth Sector in Western Australia are heard in its development.

We call on the Federal Government to respond to the sector's questions and concerns with urgency, to prevent the divisiveness that has occurred.

YACWA will:

- Convey this policy position paper to the Minister for Employment
- Call for feedback from the sector and its membership to relay to the Minister.
- Advocate for further implementations in the election cycle to address youth unemployment, and other issues that affect young disadvantaged people.

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