

Select Committee on Job Security
Department of the Senate
PO Box 6100
Canberra ACT 2600

31 March 2021

Joint Letter to The Senate Select Committee on Job Security

On behalf of the national and state sector peak bodies we write to advocate for significant reform in Australia's policy approach to tackling insecure and precarious employment for young people in Australia.

The COVID-19 pandemic has highlighted and exacerbated unemployment and under-employment for young people, as well as the long-term structural issues that are significant causes of job insecurity for this group. Decades of relative economic growth and prosperity have been undermined by a series of financial crises that have disproportionately impacted young people and given them a significant disadvantage in the labour market. This has occurred within a changing economy and a workforce which has encouraged the proliferation of casual, part-time and gig economy jobs and a steady decline of full-time work for young people.

Current laws, policies and strategic action from the Federal Government have been largely insufficient to address critical youth employment issues and create a more prosperous future for young people in Australia. They are often the hardest hit and slowest to recover from economic crises, and breaking this cycle will not be achieved by short-term, and potentially counter-productive, measures such as the JobMaker Hiring Credit Scheme. This scheme has so far provided limited employment opportunities, and will likely instead encourage more job insecurity for young people, as employers are financially incentivised to replace older full-time workers with younger part-time and casual workers¹.

Instead, the Federal Government must invest in a comprehensive, strategic, long-term plan for reforming Australia's employment landscape, including sustained investment into actions (in policy, legislative and programming/service delivery) that work towards full employment for young people in sustainable industries and provide enduring benefits to the Australian community.

A Growing Crisis of Labour Market Conditions for Young People in Australia

Young people in Australia have experienced decades of rising insecure work and underemployment, stagnating wages and disproportional levels of unemployment compared to the mainstream Australian population. Statistics make it clear that the extent and nature of insecure or precarious employment in Australia disproportionately impacts young people and has had a dire flow-on effect into a number of areas of both individual and national financial security.

- **Increasingly insecure and short-term work:** More than half of workers aged 15-24 are now employed through casual contracts, while in 2018 almost 40% of workers aged 25-34 were in a casual, fixed term or part-time jobs².

¹ Ziffer, D. (2021). *JobMaker could pay bosses to cut wages and jobs, warns treasury*. The ABC.

² Per Capita. (2020). *Coming of Age in a Crisis: Young Workers, COVID-19, and the Youth Guarantee: A Per Capita Discussion Paper*.

- **High rates of youth underutilisation:** At 14%, youth unemployment levels remain at more than double the national average (6.3%), as does youth underemployment levels at 18.4% (8.8% national average)³.
- **University degrees are no longer a guarantee for prolonged full-time employment:** Once considered a pathway to a guaranteed job, University degrees have seen a decline in their ability to provide graduates with long-term, secure work;
 - Full-time employment of undergraduates has declined from 85.2% prior to the GFC to 72.2% in 2019⁴.
 - The percentage of employed graduates in part-time or casual work has doubled from around 20 per cent in 2008 to almost 40 per cent in 2018, meaning that underemployment has increased from 10% in 2008 to 20% (or one in five workers) in 2019 despite research indicating that young people still value secure work over job flexibility and rates of pay⁵.
 - Results from the *Quality Indicators for Learning and Teaching* surveys demonstrated that almost 1 in 3 graduates employed full-time said they were working in a job that did not fully utilise their skills or education⁶.
- **Rampant wage theft:** Recent high-profile cases of wage theft have highlighted how widespread the exploitation of young people is across the workforce in Australia;
 - A 2017 study in Victoria showed that 1 in 5 young people in the state are not paid the minimum wage and less than half of those eligible are not being paid penalty rates⁷.
 - A 2019 Study by Unions ACT showed that over half of all young workers have experienced wage theft in the past 12 months⁸.
 - Results from the 2018 WA Inquiry into Wage Theft's online survey showed that around half (51.6%) of respondents had experienced wage theft within the last year⁹.
 - An industry that is especially vulnerable to wage theft, the gig economy, has grown by over 340% since 2016, with young people under 34 representing 53% of this workforce¹⁰.
 - Per Capita estimates that the national revenue loss due to uncollected income tax on wages stolen from workers is around \$9.46 billion a year¹¹.
- **Low wage growth:** The growth in insecure work has also contributed to a significant decline in wages for young people since the Global Financial Crisis:
 - A slow decline in full-time employment and rise in part-time work for young people aged 15-24 saw their average incomes decline by almost 2% from 2008-2018, compared to those aged over 35 whose incomes increased¹².
- **Low welfare rate acting as an impediment to obtaining secure employment:** Evidence has shown that the current rate of JobSeeker payments is actively keeping recipients below the poverty line and is a barrier to securing adequate employment¹³:

³ ABS. (2021). *Labour Force, Australia*.

⁴ The Centre for Future Work (2019). *The Future of Work for Australian Graduates: The Changing Landscape of University Employment Transitions in Australia*. The Australia Institute.

⁵ *Ibid*.

⁶ Quality Indicators for Learning and Teaching. (2020). *2020 Graduate Outcomes Survey*.

⁷ Young Workers Centre. (2017) *Young Workers Snapshot: The Great Wage Rip-Off*.

⁸ UnionsACT. (2019). *Crisis Point: Exploitation & Wage Theft: 2019 Report into Young Workers' Experiences in ACT Workplaces*.

⁹ The Government of Western Australia. (2019). *The Inquiry into Wage Theft*.

¹⁰ Foundation for Young Australians. (2020). *The New Work Standard: How Young People are Engaging with Flexible Work*.

¹¹ Per Capita. (2020). *Submission to the Senate Standing Committee Inquiry into Unlawful Underpayment of Employees' Remuneration*.

¹² The Productivity Commission. (2020). *Productivity Commission Research Paper*.

¹³ Organisation for Economic Co-operation and Development. (2010). *OECD Economic Surveys: Australia*.

- Further undermining the efficacy of JobSeeker, the Jobactive employment support service and mutual obligations requirements have been found to be largely ineffective and punitive, often forcing individuals into insecure and low-paid work that does not match their skills or allow them to access pathways to better employment in their chosen field¹⁴.
- Additionally, young people in insecure and casual employment were less likely to be eligible for the JobKeeper payment, leaving them with further financial stress and lack of support as a result of job insecurity¹⁵.
- **Rising housing stress:** Driven by the impacts of the GFC, this lack of secure work and inadequate wages and social support has also contributed to the number of young people in housing stress more than doubling between 2003 and 2011¹⁶.
- **Early Superannuation Withdrawal:** More than a third of Australians that have accessed their superannuation early due to coronavirus are under the age of 30.¹⁷ Given that many already work in insecure and casual jobs and therefore may have little super, young people's future retirement may be at risk of being financially unstable, and wholly reliant on the Pension for income.
- **Wealth disparity compared to older generations:** Declining wages and insecure work have contributed to a significant disparity in intergenerational wealth, with most of the gains made in the past 30 years concentrated in older generations. Younger Australians today have even less wealth, less likely to have full-time employment and own a home than their parents at the same age¹⁸.

The Lessons from Past Recessions – A Warning for the Future

The COVID-19 pandemic has significantly disrupted the economic and social landscape both in Australia and across the globe, and the impact on young people's futures has been devastating. One in three young people in the labour market currently unable to find enough secure employment to guarantee financial stability to meet basic needs¹⁹.

The 90s recession and the Global Financial Crisis ushered in a new era of the casualisation of the workforce, job insecurity and wage stagnation for young people in Australia. Without targeted action and significant investment to arrest the impact of these issues on young people, the effects of this recession will worsen, and the recovery efforts will take longer than we have seen before. This means that this generation of young people will face entrenched 'career scarring'²⁰, despite relatively strong recovery efforts across the nation more broadly. This will result in an increase of young people living in Australia who are unable to access long-term stable employment and who will face significant reductions in lifetime career earnings and standards of living, leading to increased mental health issues, homelessness and a sense of hopelessness for the future.

¹⁴ Per Capita. (2020). *Mutual Obligation after COVID-19: The Work for the Dole Time Bomb*

¹⁵ The Centre for Social Impact (2020). *COVID-19 and Youth Unemployment: CSI Response*.

¹⁶ Per Capita. (2020). *Coming of Age in a Crisis: Young Workers, COVID-19, and the Youth Guarantee: A Per Capita Discussion Paper*.

¹⁷ Borys, S. (2020). *Coronavirus Financial Concerns have Young People Accessing their Superannuation*. The ABC

¹⁸ The Grattan Institute. (2019). *Generation Gap: Ensuring a Fair Go for Younger Australians*.

¹⁹ The Brotherhood of St Laurence. (2020). 'COVID the Great Disruptor: Another Blow to Youth Employment'. *Youth Unemployment Monitor*.

²⁰ 'Career Scarring' is defined as the negative long-term effect that unemployment has on future career prospects itself, rather than simply the short-term financial effects.

Whilst many of Australia's industrial relations laws and regulations governing employment often differ across the various state and territory jurisdictions, youth employment is a national issue that has persisted in all states and territories for decades, and so a collaborative, coordinated and expansive approach is needed. We believe that it is the Federal Government who is responsible for taking the lead in fostering a unified national approach to strengthening the nation's system of workplace laws. This includes working with each state and territory government to ensure a balanced and collaborative approach.

Given the breadth of the issues facing young people, we strongly urge the Federal Government to commit to targeted actions that support a long-term vision for a sustainable labour market, one that guarantees full and meaningful employment for young people into the future. Below are a set of recommendations in support of this goal.

Recommendations

1. Implement a National 'Youth Guarantee' Initiative as put forward in Per Capita's [Discussion Paper](#) which guarantees every young person under 25 a place in employment, education or training no later than three months after registering as unemployed. This will include investment in debt-free, competence-based skills training, combined with individualised career support, on-the-job experience and financial support.
2. Replace Jobactive with a publicly run employment service that utilises ongoing and independent funding to provide specialised support to young people seeking employment. Ensure that this matches individual career aspirations with sustainable employment, as well as addressing their individual barriers to participation, such as lack of transport or work experience.
3. Abolish mutual-obligations requirements and replace them with a partnership approach where individualised job plans are developed that match the young person's life trajectory and career goals.
4. Implement the recommendations delivered in the Inquiry into the Adequacy of Newstart, including a permanent raise to the rate of JobSeeker and Youth Allowance to prevent entrenched, long-term poverty.
5. Amend the Fair Work Act to codify work status in the legislation and ensure that those working for any larger business or enterprises in the gig economy are considered employees and therefore covered by commercial laws and provided with safety protections, entitlements and adequate wages.
6. Establish national protections for workers experiencing wage theft, including the criminalisation of wage theft. This should take into consideration existing state-based wage theft legislation and ensure any national approach complements and enhances current protections.
7. Provide increased national funding for the Fair Work Commission to better investigate claims of wage theft and establish improved regulations to enhance job security for young people.
8. Collaborate with state and territory governments to establish a national Youth Jobs Strategy with the end-goal of full employment across Australia. This should include robust investment to grow industries with sustainable education pathways and employment opportunities in areas such as renewable energy and the community services sector.

Endorsement

This letter is endorsed by a network of national and state-based youth peaks that represent young people across Australia; The Australian Youth Affairs Coalition, the Youth Affairs Council of WA, Youth Action NSW, the Youth Affairs Council of SA, the Youth Affairs Council of Victoria, the Youth Affairs Network Queensland and the Youth Network of Tasmania.

We would welcome the opportunity to discuss these issues further should the opportunity arise and look forward to reading the Committee's recommendations following the conclusion of the Inquiry.

Yours sincerely,



youth affairs council
OF SOUTH AUSTRALIA

