



Brotherhood  
of St Laurence

Working for an Australia free of poverty

Submission to the Senate Community Affairs  
Legislation Committee

regarding the

**Social Services and Other  
Legislation Amendment (2014  
Budget Measures No. 2) Bill  
2014**

Brotherhood of St Laurence

July 2014

Brotherhood of St Laurence  
67 Brunswick Street  
Fitzroy Vic. 3065

ABN 24 603 467 024

Ph. (03) 9483 1183

[www.bsl.org.au](http://www.bsl.org.au)

For further information or to discuss this submission, please contact:

Tony Nicholson  
Executive Director  
Brotherhood of St Laurence  
Email: [tnicholson@bsl.org.au](mailto:tnicholson@bsl.org.au)  
Ph. (03) 9483 1327

# Summary

This submission responds to two parts of the Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014 ('the Bill') that specifically relate to young jobseekers:

- The introduction of a 26-week waiting period and non-payment period for young jobseekers from 1 January 2015; and
- The extension of eligibility for Youth Allowance (Other) to 24-year-olds, from the current cut-off age of 22 in lieu of Newstart Allowance and Sickness Allowance from 1 January 2015.

The BSL submission draws on both our research and our extensive experience working with young people making the transition from school to work, particularly those facing different forms of disadvantage.

## 1 We support:

- 'earning or learning' for young people.
- a **mutual obligation** system that has high expectations of jobseekers, including penalties for those who wilfully fail to meet the obligations.
- a system that strikes a **balance between obligations and assistance**.

## 2 We contend:

- The proposed Budget measures **do not meet the balance test**.
- The measures present an **unacceptably high risk** of unintended harsh consequences that would compound barriers to work and further study for many young Australians, due to:
  - the current system's ability to assess individuals' circumstances and barriers accurately
  - the inadequacy of the current mainstream employment assistance offered for young people

## 3 We propose:

- a better vision for young people involving a more balanced approach to mutual obligation.
- an approach which combines **high expectations** of young people with a **significant investment in young people's capabilities**
- a system which rapidly re-engages young people, provides careers and vocational guidance and includes coaching to support employability and address barriers
- services which link young people to mentors and employers and support them to find and retain employment.

## The 2014 Budget measures and young people

The Brotherhood of St Laurence welcomes the opportunity to respond to the Senate Standing Committee on Community Affairs inquiry into the Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014.

Our submission responds to two parts of the second Bill which have an impact on young jobseekers by changing the conditions and eligibility criteria attached to Youth Allowance (Other):

1. The introduction of a 26-week waiting period and non-payment periods for young jobseekers from 1 January 2015; and
2. The extension of Youth Allowance (Other) to 24-year-olds, from the current cut-off age of 22, in lieu of Newstart Allowance and Sickness Allowance from 1 January 2015.

This submission outlines our concerns about:

- the unintended consequences of imposing waiting and non-payment periods on young people's receipt of income support; and
- the impact of extending the upper age for Youth Allowance (Other) on young people's transitions towards independence.

The Brotherhood of St Laurence also takes this opportunity to articulate our alternative vision for young Australians that takes a more balanced approach to mutual obligation.

### Statement of proposed changes to Youth Allowance

#### 1 Introduction of waiting and non-payment periods

From 1 January 2015, unemployed young people aged 18–29 years will wait 6 months after application before receiving Newstart Allowance or Youth Allowance, unless they have previous periods of paid employment or meet the exemption criteria. During the waiting period, despite receiving no income, young jobseekers will be required to meet obligations including searching for jobs and meeting with employment services providers.

On completion of the 6-month waiting period, unemployed young people will be entitled to receive income support payments for 6 months. During this time they will be required to participate in Work for the Dole type activities for 25 hours a week if they do not secure a job.

If a young person remains unemployed after this 6 month period, a further 6 month non-payment will begin, unless the young person is eligible for an exemption.

This pattern could continue until the jobseeker reaches the age of 30 or ceases receiving a participation payment, because they have commenced either full-time employment or full-time study. Those young people who move into full-time study will be eligible for the continuous Youth Allowance (Student) payment.

Exemptions to the waiting and non-payment periods apply for young people who:

- are a principal carer of a child or engage in care for more than 35% of the time; or
- have partial capacity to work due to a physical, intellectual or psychiatric impairment; or

- are registered as a part-time apprentice or trainee; or
- require employment services or disability employment services of a particular category to be determined by the Minister ('Streams 3 or 4').<sup>i</sup>

## 2 Extending the age range for Youth Allowance

From 1 January 2015, young unemployed people aged 22–24 who apply for income support will no longer be eligible for Newstart Allowance, but will instead receive the lower Youth Allowance (Other) payment.

In proposing this amendment the Government has argued that the current availability of Newstart for 22–24 year olds is a disincentive to engage in full-time training or further study, because the payment for full-time students in the same age bracket is the lower Youth Allowance payment.

# 1 The BSL supports the goal of assisting young people to 'earn or learn'...

The proposal to introduce waiting and non-payment periods explicitly seeks to 'encourage greater participation in work and other activities and make the welfare system fairer' by setting 'firm expectations for young people' and providing an 'incentive for affected people to be self sufficient or to undertake further education or training'.<sup>ii</sup> The second amendment seeks to remove disincentives for young people to engage in full-time education or training.

The Brotherhood of St Laurence supports these goals.

We have a long history of assisting young jobseekers to find work, gain skills and plan career pathways. We consider this an essential part of our work to end poverty. Our current focus on the crisis of youth unemployment, through the '*My Chance, Our Future*'<sup>iii</sup> campaign highlights the significant costs of failing to address this issue. We are designing and delivering innovative programs which connect young people to the world of work and support their transitions from education to employment:

- The Youth Transitions Program provides support for young jobseekers in unemployment 'hot spots' in Melbourne's outer suburbs.
- The Education First Youth Foyers enable young people experiencing homelessness to continue their education and connect with work.<sup>iv</sup>

Both these programs are based on the understanding that engagement in paid work or education and training—'**earning or learning**'—leads to the best outcomes for young people in the longer-term.

Our programs are based on key principles:

Young people **want to work and aspire to mainstream goals** of meaningful employment, a decent home and strong connections with friends or family.

Young people thrive when their talents and **capabilities** are recognised and developed, instead of the focus being on their deficits.

Young jobseekers, especially early school leavers and those facing disadvantage, benefit from **rapid re-engagement** to ensure they are linked to services and employment opportunities.

Young people need **careers guidance**. Today's labour market and education and training systems are complicated and will continue to be so in the future.

Young people need opportunities to develop **employability skills** such as teamwork, problem solving and the expectations of Australian employers. These are not innate qualities but are learned from good role models and **links with employers**.

However, the **investment we make in young people's capabilities comes with high expectations**. In our youth programs, young people make a formal commitment as part of the **'something for something' Deal** between the young person, the service and the community. Upholding their end of the bargain is a formal condition of continued engagement.<sup>v</sup>

This mutual obligation approach ensures that young people are valued, but also that they value the support they receive and make an investment in their own futures.

## **2 ...But is concerned about the high risk of harsh, unintended consequences of the proposed measures**

Despite our support for the stated goals of the proposed amendments, the BSL is concerned that these policy measures will have harsh, unintended consequences for many young Australians and their families. Our concern is with the fundamental assumptions that underpin these proposed changes.

- First, the policies assume that young jobseekers can fall back on a 'family safety net' for financial and other support—yet our research and experience suggests that for the most disadvantaged young people, this safety net simply does not exist.
- Second, the policies assume that young jobseekers who are not disadvantaged do not face barriers to labour market participation or need support for career planning. However there is a growing body of evidence that all young people face challenges navigating the world of work with its changing labour market.
- Third, the policies are premised on the understanding that the current income support and employment services systems adequately identify young people who are vulnerable or face particular forms of disadvantage—yet our research and experience tell us that many young people are incorrectly classified.

While we affirm the aim to encourage young people to be 'independent', and demonstrate responsibility and initiative, we are concerned that the proposed changes will work against these outcomes.

## Towards independence—or forced dependence?

The introduction of waiting periods and non-payment periods combined with the application of Youth Allowance to jobseekers up to the age of 30 and the extension of the age for Youth Allowance (Other) has significant consequences for young people's capacity to transition into adulthood. These changes potentially delay young people's journeys towards independence, particularly for those who are most disadvantaged, and introduce further inconsistencies in the applications of 'youth' specific policies to different age groups.

The removal of income support is likely to force young people to be financially dependent on their parents for longer, for those whose families are able to provide for them. This is likely to have a flow-on effect causing financial pressure for low-income families and to leave those young people without parental support vulnerable to destitution.

Brotherhood research suggests that young people have hopes and aspirations for the future and that their transition to adulthood is shaped by economic resources. Thus, young people from low-income families often become independent by necessity, earlier than their advantaged peers.<sup>vi</sup>

## Most young jobseekers face barriers to labour market participation

### The changing labour market – structural barriers

The Australian economy has undergone significant changes in recent decades. The labour market faced by today's young people looks very different from the one that their parents or grandparents encountered when they left school. In 2011, it took young people four to five times longer to find employment after leaving education than in the mid 1990s.<sup>vii</sup> In 2014,

- youth unemployment is almost three times the rate of unemployment for those aged 25 and over
- more than one in three unemployed Australians are under 25 years of age<sup>viii</sup>

### Individual and structural barriers

The types of jobs available to young people are changing. There are fewer entry-level opportunities, particularly for jobseekers with low skills or qualifications; and those that are available are part-time or casual.<sup>ix</sup> This trend is increasing over time. Analysis published by the Australian Government in found that 70% of the new jobs created in the five years to 2016–17 will require at least a Certificate III qualification and more than half of the new jobs will require a diploma level qualification or higher.<sup>x</sup>

Other challenges facing young people include

- employer expectations and assumptions about young jobseekers<sup>xi</sup>
- lack of job readiness; work experience and understanding of workplace culture and expectations
- lack of social networks likely to open up employment opportunities
- lack of knowledge needed to plan career paths and navigate the education and training systems.<sup>xii</sup>

These are challenges which all young people face, regardless of their background or the resources at their disposal. Even young university graduates face barriers in the labour market related to lack of relevant work experience.<sup>xiii</sup> While some young people will be able to draw upon their parents' or family members' networks and knowledge of the world of work, others will face significant challenges.

Young people's likelihood of being unemployed can also be affected by where they live. There are 'hot spots' of young unemployment. In some locations one in five young people are unemployed.<sup>xiv</sup> These young people, particularly those living in urban fringe and regional areas, face limited employment opportunities within their local communities, high travel costs required to access work, and limitations regarding the nature of the work available.<sup>xv</sup>

These challenges will be faced by many of the young people affected by the introduction of waiting and non-payment periods. It is of serious concern that the waiting period will itself create further barriers to participation.

During the waiting period, jobseekers will be required (without income) to look for work, attend appointments with employment services providers and accept any offers of suitable work. However, research regarding the impact of non-payment periods (associated with the imposition of penalties) suggests that lack of income can affect young jobseekers' capacity to meet requirements and look for employment, particularly in relation to accessing public and private transport. The proposed changes will place an increased burden on those low-income families who are able to offer financial support and will render those young people without family support unable to search for work but also unable to access income support.

## Inadequate assessment will leave many vulnerable jobseekers without income support

We note that highly disadvantaged young jobseekers, including those who are assessed as having partial capacity to work due to disability or identified as needing more support (allocated to Stream 3 or 4 in the JSA system), are exempted from waiting and non-payment periods. However, this approach relies on correct classification of jobseekers. There is strong evidence to suggest that many jobseekers are incorrectly assessed and their barriers are not properly identified by Centrelink or JSA/DES providers. The reasons for this include:

- unsatisfactory assessment processes
- the nature and application of the Jobseeker Classification Instrument (JSCI) used to assess and allocate jobseekers to streams.

## Concerns about the assessment process

On entering the JSA system, jobseekers are interviewed by Centrelink officers, sometimes face to face but often over the phone, and classified using the Jobseeker Classification Instrument (JSCI) into one of the four streams of service depending on their readiness for work. If a jobseeker is likely to be allocated to Stream 4 (requiring the greatest support), they must also undergo an Employment Services Assessment (ESAt) or a Job Capacity Assessment (JCA) by Centrelink or another designated assessor.

The initial JSCI assessment is typically a one-off interview conducted before a jobseeker is referred to a JSA provider and generally is not repeated unless the jobseeker remains in the system for longer than two years or there is a significant identified change in the jobseeker's circumstances. Even then a re-assessment can be difficult for jobseekers to initiate.

Getting a jobseeker's classification right is critical as it determines the level of service they will receive from a provider.<sup>xvi</sup> **In the context of the introduction of waiting periods and non-payment periods, the accuracy of this assessment will be even more important.** Incorrect

identification of issues such as mental health problems and homelessness can also be a factor causing unintended non-compliance.<sup>xvii</sup>

Particular concerns include:

- **timing and location of stream assessments:** The short interviews, often conducted over the phone, are unsuitable for comprehensive assessments of complex barriers for many clients.
- **privacy issues:** Sometimes these assessments are conducted in public areas within Centrelink offices or in the presence of partners (which may militate against self-disclosure, especially disclosure of family violence).<sup>xviii</sup>
- **reliance on self-disclosure:** Many jobseekers report reluctance to disclose issues which carry stigma or may result in discrimination, such as mental health issues, experiences of domestic violence and homelessness. Similarly, they may not understand the relevance of these issues to their capacity to engage in employment.<sup>xix</sup>
- **communication issues:** Barriers of understanding, communication and trust are likely to affect a telephone interview, particularly for jobseekers from non-English speaking backgrounds.<sup>xx</sup>

Research by Nous Consulting in 2010 found that employment service providers indicated ‘that up to 50% of Centrelink’s JSCI classifications require re-classification’ and that they often ‘duplicate the 10 minute JSCI classification process to verify its validity’.<sup>xxi</sup>

Similarly, almost all specialist providers (95%) who responded to a survey conducted by Hanover, Melbourne Citymission and Jobs Australia indicated they had ‘significant or some difficulties with the way in which Centrelink assigns jobseekers to streams’, primarily due to the fact that ‘barriers were not recognised or disclosed in Centrelink assessments’.<sup>xxii</sup>

### Concerns about the JSCI

The JSCI is a questionnaire used to determine a jobseeker’s relative level of disadvantage in the labour market and, therefore, the likely difficulty in obtaining employment. Jobseekers are assigned ‘points’ according to their answers to specific questions which, in turn, indicate factors that correlate with disadvantage in the labour market.

Many in the employment services sector have expressed concerns that the JSCI fails to attribute sufficient weight to certain forms of labour market disadvantage, particularly refugee and migrant background, homelessness (which includes unstable housing) and family violence.<sup>xxiii</sup>

### Consequences of incorrect classification

It is estimated that the waiting and non-payment periods will affect more than 100,000 young people each year. These measures will have harsh consequences for many of these young people, particularly those who are unable to fall-back on financial support from family and friends. Those young people at risk of misclassification are likely to include those with unidentified or undisclosed issues relating to mental health, drug and alcohol issues, unstable housing, experience of domestic violence and other serious barriers to employment.

Earlier research about the impact of imposing non-payment periods on young people has identified consequences including:

- problems paying for necessities such as food or utilities
- difficulty paying rent and maintaining stable housing

- difficulty accessing transport
- increased debt
- negative health outcomes.<sup>xxiv</sup>

Other studies have found that an extended non-payment period penalty can result in some recipients engaging in illegal activities to support themselves.<sup>xxv</sup>

Reduced income can cause people to move to outer metropolitan and regional areas to find more affordable housing. This not only diminishes their opportunities for employment but also leaves the jobseekers vulnerable to further penalties for moving to areas of low employment.<sup>xxvi</sup> The lack of income can also impair individuals' ability to meet future compliance obligations, putting them at risk of a perpetual cycle of breaches and penalties.<sup>xxvii</sup>

The most vulnerable young people will not be able to rely on financial or emotional support from family members or friends.

Research regarding young people receiving non-payment penalties suggested that those most vulnerable were unlikely to have friends or family they could rely on for financial or other kinds of support. Further, the outcomes of having no income caused relationship problems and withdrawal from social networks, due to lack of funds for coffee or transport, causing greater social exclusion.<sup>xxviii</sup>

## Impact of delayed engagement and lack of youth-specific support

Evidence suggests that effective employment programs for young people require early intervention and rapid re-engagement.<sup>xxix</sup>

It is of significant concern that the proposed waiting period may cause additional young people to disengage from the income support and employment services system altogether, adding to the numbers of 'the invisible unemployed'.<sup>xxx</sup> This would prevent early engagement of these young people and may cause total disengagement, with those most vulnerable likely to only be re-engaged through the homelessness sector and the criminal justice system—representing wasted opportunities for early intervention and prevention.

There is growing consensus that the current employment services system does not adequately meet the needs of young jobseekers. Centrelink is unable to refer jobseekers to youth specialist services due to policies regarding jobseeker choice and the lack of specialist providers in many locations.<sup>xxxi</sup> There is evidence of high case loads<sup>xxxii</sup> within mainstream providers; and half the time allocated to individual jobseekers is spent on administration and contract compliance.<sup>xxxiii</sup>

JSA providers do not have the capacity to deliver the sound vocational advice that is required if young people are to make choices about employment paths that suit their aptitudes and align to areas of the economy where there are employment opportunities.

In a review of youth transition programs in Australia and overseas, Professor Richard Sweet has argued that Australia needs a youth-focused job placement and training agency that is separate and distinct from job placement services catering for adults.<sup>xxxiv</sup>

### 3 A better vision for young jobseekers

Consistent with the goals articulated in the proposed amendments, our vision for young people is that they engage in employment and training to build independent lives and sustainable futures. We know this vision is shared by young people. Young people have hopes and aspirations like other Australians—to be able to work, have a decent place to live and enjoy some sense of family. They know that having a job is a key way to building the lives they aspire to live.

**A new approach is needed, not just tinkering around the edges with risky changes to existing policies.**

This new approach must:

- **balance a significant investment in young people’s capabilities with high expectations.** In the BSL’s programs, young people make a formal commitment as part of the ‘something for something Deal’ between the young person, the service and the community. Upholding their end of the bargain is a condition of continued engagement<sup>xxxv</sup>
- **intervene rapidly and early** to motivate and inspire engagement and ensure young people can achieve their best
- provide **careers and vocational guidance** and coaching by trained staff, to support young people to develop employability skills and address barriers to work and learning.
- **engage with employers**—so that young people can develop employability and vocational skills in ‘real’ work environments. This includes opportunities to take part in work experience and ‘taster’ and make connections with mentors and employers who might provide further opportunities.

These principles, which are based on international research and practice evidence from the field underpin the BSL’s existing programs for young people, including the *Education First Youth Foyer* and the *Youth Transitions Program*.

Incorporating these key principles and building on the success of these approaches, the BSL has developed a proposal for a new national approach to assisting young job seekers—a **national Youth Transitions Service**. Further details about this proposal and a practical framework for implementation are appended to this submission.<sup>xxxvi</sup>

---

<sup>i</sup> ACOSS 2014, Budget bills brief: 6-month wait for payments for unemployed young people

<sup>ii</sup> Explanatory Memorandum, Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014, p. 35

<sup>iii</sup> See <http://www.bsl.org.au/Advocacy/Youth-employment.aspx>

<sup>iv</sup> *Education First Youth Foyers (EFYF) Practice Framework*, <http://www.hanover.org.au/youth-foyer/education-first-youth-foyer-practice-framework/>

<sup>v</sup> *EFYF Practice Framework*, <http://www.hanover.org.au/youth-foyer/education-first-youth-foyer-practice-framework/>

<sup>vi</sup> Allan, M, Taylor, J, & Borlagdan J, 2013, ‘Reflections on turning 21: income, gender and “adulthood”’, *Youth Studies Australia*, vol. 32, no. 3.

<sup>vii</sup> Marsh, N & McGaurr, L 2013, ‘Youth income support in Australia’, *Face the Facts Briefing*, vol. 1, no. 3.

- <sup>viii</sup> Australian Bureau of Statistics (ABS) 2014, *Labour force*, April 2014, Cat. no. 6202.0, ABS, Canberra, trend estimates table 7.
- <sup>ix</sup> Brotherhood of St Laurence (BSL) 2014, *Investing in our future: opportunities for the Australian Government to boost youth employment*, BSL, Melbourne.
- <sup>x</sup> Skills Australia 2010, *Australian workforce futures: a national workforce development strategy*, Commonwealth of Australia, Canberra.
- <sup>xi</sup> CIPD, 2013 *Employers are from Mars, young people are from Venus: addressing the young people/jobs mismatch*, CIPD in association with Business in the Community, London, <http://www.cipd.co.uk/binaries/MarsVenus%20FINAL%2030%2004%2013.pdf>
- <sup>xii</sup> Brotherhood of St Laurence (BSL) 2014, *Investing in our future: opportunities for the Australian Government to boost youth employment*, BSL, Melbourne.
- <sup>xiii</sup> Perrone, L & Vickers, MH 2003, 'Life after graduation as a 'very uncomfortable world': an Australian case study', *Education + Training*, vol. 45, no. 2, pp. 69–78.
- <sup>xiv</sup> BSL, *Australian Youth Unemployment 2014: Snapshot*, February 2014. <http://www.bsl.org.au/Advocacy/Youth-employment.aspx>
- <sup>xv</sup> YACVic 2004, *Snapshots from the edge – young people and service providers on the urban fringe of Melbourne*, Youth Affairs Council of Victoria, Melbourne.
- <sup>xvi</sup> Flentje, E, Cull, E & Giuliani, G 2010, *Achieving sustainable outcomes for disadvantaged jobseekers: challenges for specialist providers under the current Job Services Australia contract*, Hanover, Melbourne Citymission & Jobs Australia, Melbourne.
- <sup>xvii</sup> Jones, N, Sheldon, G, Donaghey, J & Balanzategui, J 2007, *Welfare to work reforms and the breaching cycle*, National Welfare Rights Network and the Queensland Welfare Rights Centre, Brisbane.
- <sup>xviii</sup> Australian Law Reform Commission 2012, *Family violence and Commonwealth laws—improving legal frameworks*, report 117, ALRC, Melbourne.
- <sup>xix</sup> Australian Law Reform Commission 2012, *Family violence and Commonwealth laws—improving legal frameworks*, report 117, ALRC, Melbourne.; BSL 2012, Presentation to the Inquiry into Workforce Participation by People with a Mental Illness, Brotherhood of St Laurence, Melbourne.
- <sup>xx</sup> Disney, J, Buduls, A & Grant, P 2010 *Impacts of the new Jobseeker Compliance Framework: report of the Independent Review*, Canberra. (p. 24)
- <sup>xxi</sup> Nous Consulting 2010, 'The evolution of the Job Services Australia system,' reported in J Rose, L Morstyn & A Tudehope 2011, 'Swimming upstream': *young people and service provision under Job Services Australia*, Youth Affairs Council of Victoria, Melbourne, p. 29.
- <sup>xxii</sup> Flentje, E, Cull, E & Giuliani, G 2010, *Achieving sustainable outcomes for disadvantaged jobseekers: challenges for specialist providers under the current Job Services Australia contract*, Hanover, Melbourne Citymission, Jobs Australia, Melbourne.
- <sup>xxiii</sup> Olliff, L 2010, *What works: employment strategies for refugee and humanitarian entrants*, Refugee Council of Australia, Sydney; Refugee Council of Australia 2012, *Job Services Australia: refugee community and service provider views. discussion paper*, Refugee Council of Australia, Sydney; Australian Law Reform Commission 2012, *Family violence and Commonwealth laws—improving legal frameworks*, ALRC Report 117, Melbourne.
- <sup>xxiv</sup> Eardley, T 2006, 'The impact of breaching and financial penalties on income support recipients', *The Economic and Labour Relations Review*, vol.17, no.1, pp.79–105.
- <sup>xxv</sup> Eardley, T 2006, 'The impact of breaching and financial penalties on income support recipients', *The Economic and Labour Relations Review*, vol.17, no.1, pp.79–105.

- <sup>xxvi</sup> Wilson, L 2001, *Sink or swim: housing impacts of Centrelink breaches*, Shelter SA and Welfare Rights Centre SA, Adelaide.
- <sup>xxvii</sup> Kerr, L & Savelsberg, H, 2003 *Breaching and disadvantaged young people: the social and financial impacts*, University of South Australia & Adelaide Central Mission, Adelaide.
- <sup>xxviii</sup> Kerr, L & Savelsberg, H, 2003 *Breaching and disadvantaged young people: the social and financial impacts*, University of South Australia & Adelaide Central Mission, Adelaide.
- <sup>xxix</sup> OECD 2010, *Off to a good start? Jobs for youth*, OECD Publishing, Paris.
- <sup>xxx</sup> BSL 2014 *Investing in our future: opportunities for the Australian Government to boost youth employment*, Brotherhood of St Laurence, Melbourne.
- <sup>xxxi</sup> Rose, J, Morstyn, L & Tudehope, A 2011, '*Swimming Upstream*': *Young People and Service Provision under Job Services Australia*, Youth Affairs Council of Victoria, Melbourne.
- <sup>xxxii</sup> Fowkes, L 2011, *Rethinking Australia's employment services*, Perspectives, Whitlam Institute, University of Western Sydney.
- <sup>xxxiii</sup> Nous Consulting 2010, 'The evolution of the Job Services Australia system', reported in J Rose, L Morstyn & A Tudehope 2011, '*Swimming upstream*': *young people and service provision under Job Services Australia*, Youth Affairs Council of Victoria, Melbourne.
- <sup>xxxiv</sup> Sweet, R 2012, *Unemployed and inactive youth: what works*, Sweet Group, Sydney.
- <sup>xxxv</sup> *EFYF Practice Framework* <http://www.hanover.org.au/youth-foyer/education-first-youth-foyer-practice-framework/>
- <sup>xxxvi</sup> BSL 2014 *A Youth Transitions Service for Australia: Proposal for a 12-month trial*, Brotherhood of St Laurence, Melbourne.





# A Youth Transitions Service for Australia

Proposal for a 12-month trial

March 2014



**Brotherhood  
of St Laurence**

Working for an Australia free of poverty

## A new approach to youth unemployment

Australia urgently needs a new approach to assist unemployed youth to build their qualifications, skills and experience to obtain a job in the dynamic modern economy. Our experience working with young people who are unemployed is that they overwhelmingly understand that, if they are going to build a good life for themselves in our nation, as a first step they must secure a job.

The current employment services system – Job Services Australia – is not doing enough to help many young people acquire their first job. The job services agencies themselves have acknowledged this. We are calling for a Youth Transitions Service trial in 15 locations across Australia. This trial will inform a future approach to tackle the pressing issue of youth unemployment in our cities and regions.

Creating a Youth Transitions Service will support young people aged 17–24 to become work-ready and to connect with employers, so they can secure jobs. This service will be underpinned by strong partnerships forged between business, community and government.

A national Youth Transitions Service could be established with minimal costs to the Federal Budget. It will bring together funding already available through the vocational education and training (VET) system that young people are already entitled to (around 44% of the total funding of the proposed service) and redeployed existing resources from the national Job Services Australia network.

The Youth Transitions Service will deliver a structured program based on clear expectations around participation, including mutual obligation responsibilities for young people receiving government income support. A trial will test these features in 15 locations across Australia which are among those grappling with high youth unemployment.

This new approach for youth will better utilise existing resources and holds the promise of significantly improving job outcomes for young people and, in turn, the Australian economy.

The National Youth Transitions Service will prepare young people for work through a design informed by local and international evidence. Its features are shown in Table 1.

**Table 1 Key features of the national Youth Transitions Service**

<b>Taking rapid action</b>	<ul style="list-style-type: none"> <li>• Active engagement in employment preparation and placement on becoming unemployed</li> </ul>
<b>Careers and vocational guidance</b>	<ul style="list-style-type: none"> <li>• Realistic career advice and guidance which responds to local labour market conditions</li> <li>• Informed decisions about the vocational education system to avoid the trap of being churned through training courses that do not lead to jobs</li> </ul>
<b>A plan for action</b>	<ul style="list-style-type: none"> <li>• Individual learning and employment action plans with concrete actions and responsibilities that young people have to meet</li> </ul>
<b>Coaching</b>	<ul style="list-style-type: none"> <li>• Coaching by trained staff to support and develop a young person's employability</li> <li>• Addressing young people's barriers and perceived impediments to work</li> </ul>
<b>Providing work 'tasters'</b>	<ul style="list-style-type: none"> <li>• A roster of workplace visits</li> <li>• Learning from those already in work</li> <li>• Identifying interests and skills</li> <li>• Learning about what employers want from their workers</li> </ul>
<b>Building employability and vocational skills</b>	<ul style="list-style-type: none"> <li>• Training programs to develop job readiness and the skills needed to identify, secure and retain a job</li> <li>• Foundation skills – including literacy, numeracy and IT skills (where needed)</li> <li>• Reinforcing personal skills such as team work, communication, customer and business awareness</li> </ul>
<b>Connecting young people to mentors</b>	<ul style="list-style-type: none"> <li>• Matching young people with volunteer mentors, such as the emerging cohort of retired baby boomers, to promote intergenerational exchange</li> <li>• Access to networks and employment opportunities</li> </ul>
<b>Supported work experience</b>	<ul style="list-style-type: none"> <li>• Structured unpaid work experience connected to career goals</li> <li>• Building an understanding of workplace expectations and culture</li> </ul>
<b>Connecting with local employers</b>	<ul style="list-style-type: none"> <li>• Strong connections with local employers about their labour requirements</li> <li>• Gaining local business and labour market knowledge</li> <li>• Work experience, work tasters and employment opportunities</li> <li>• Support for employers to take on young people</li> <li>• Enabling young people to build their networks into the world of paid work</li> </ul>
<b>Support to find and retain employment</b>	<ul style="list-style-type: none"> <li>• Assistance to find full-time and part-time jobs</li> <li>• Field support and mentoring to help young people retain their job</li> <li>• Entry into further labour market programs if work skills still need to be developed</li> <li>• Use of wage subsidies where these would boost a young person's employability</li> </ul>

## The case for change

Rising levels of youth unemployment are scarring young people, their families, their communities and the Australian economy. There is a growing number of youth who are in danger of being locked out of stable employment for the long term. These young people are at risk of being left out and left behind. Doing nothing for them risks youth unemployment continuing to escalate.

### Scarring facts

Youth unemployment currently represents just under 40% of all unemployment in Australia. In other words, more than one in three unemployed Australians are young – between the ages of 15 and 24. The unemployment rate for those aged 15 to 24 exceeds 20% in some locations across Australia. (ABS January 2014 data)

While the dynamic Australian economy offers immense opportunities, it also comes with great risks especially for young people. With employers placing a premium on education, skills and work experience, securing that first step on the job ladder has become a harder and more complex task. The current labour market is a tough environment for all young people to negotiate, particularly those who are disadvantaged.

Youth seeking full-time work after leaving school face the challenging scenario of a decreasing number of entry-level unskilled jobs, and high competition for those jobs. Increasingly, employers want to recruit staff who are already skilled and experienced. Personal networks are also important: the reality is that who you know will help open doors to paid work and also to unpaid work experience and internships. On the other hand, the longer a young person is unemployed, the harder it is for them to find work.

The strengths, talents and potential that unemployed young people can contribute to our economy and broader community are in danger of being wasted. Young people represent a tremendous opportunity to strengthen our productive capacity at a time when, with an ageing population, the proportion of people of working age is in decline. We need to build their skills and equip them to drive our economic future. We can't afford to leave large numbers of young people at the margins of the labour market, where they represent an avoidable dollar cost to public services and cannot contribute to national growth.

The current economic environment has intensified both the challenge of boosting youth employment and the urgency of the need for more effective action.

### Investment in education

There has been significant investment by governments across Australia to increase school completion, post-school qualification levels and workforce participation rates.

The Compact with Young Australians and the associated COAG partnership agreements on Youth Attainment and Transitions require young people to be 'earning or learning' until they have turned 20, or have obtained a year 12 or Certificate II level qualification. This is funded through access to subsidised training places and linking access to income support payments to participation.

### **Coalition government youth employment initiatives**

New employment initiatives targeted at young people include:

- the Green Army program offering young people paid work experience
- an expansion of Work for the Dole, with a focus on young people
- the Job Commitment bonus paid directly to long-term unemployed young people who maintain employment for at least 12 months
- a Job Transfer incentive for people who move to certain areas to take up work.

The Brotherhood of St Laurence acknowledges the efforts of governments, businesses and the community sector to support young people as they move from school into further study, work and independence.

However, despite these efforts, the rate of youth unemployment continues to grow.

The solution is clear: invest in young people now, develop their capacities – and we will save in the long term. This national task is as vital as building roads, railways and ports.

The current policy suite does not adequately address the practical challenges faced by young people attempting to secure a foothold in the labour market. In the modern economy, stimulating jobs growth is critically important. Even as employment opportunities open up, too many young people in our nation will not be in a position to take advantage of the jobs of the future unless they are adequately supported in the transition from school to work.

We need a comprehensive approach to providing young people with the opportunity to become work-ready, build their skills and forge the connections with employers that are vital to securing a job.

## **Job Services Australia is failing young people**

The Job Services Australia (JSA) system is not offering young people the help they need to find work and keep a job.

The June 2013 Department of Employment Labour Market Assistance Outcomes report reveals that less than a third of disadvantaged young jobseekers (streams 3 and 4) find employment, and only a small number find permanent roles. Of those that do, nearly a third end up back in the Job Services Australia system within six months.

### **Job Services Australia providers say the program falls short:**

Jobs Australia members believe that the JSA Program lacks capacity to provide the intensive support needed by highly disadvantaged and disengaged young people, including those not on income support ... to prepare young people for work. Appointment times are limited, with caseload numbers per frontline staff member often well over 100.

*Jobs Australia policy on youth transitions 2014*

## Flaws in the current employment services system

**Limited career development and vocational guidance:** Career development support is largely being delivered through the school system. JSAs are not equipped to provide careers guidance and planning, so young people who have left school early often miss out on individual career development support. Consequently young people are either being churned through, or dropping out of, training that they are unsuited to and which too often does not lead to an employment outcome. VET completion rates of publicly subsidised courses are very low. Data from the National VET Equity Advisory Council (NVEAC) indicates that only 30% of people nationally complete VET, including 18% of teenagers in publicly funded courses.

**Limited opportunities for work experience:** One of the main barriers young people face in gaining entry to the workforce is a lack of experience. In workplace surveys, employers routinely rank work experience among the most important attributes they need in staff. Jobseekers do not usually participate in work experience through their JSA until they have been registered for at least 12 months.

**Lack of intensive coaching and support:** High caseloads of more than 80 jobseekers prevent JSA staff from addressing the particular barriers to work that many young people are facing.

**Delayed action:** A jobseeker can generally only access individual case management if they have been unemployed for over six months, by which time the likelihood of successfully transitioning into work has significantly reduced.

## What works to move young people into employment?

There is strong research evidence about what works to assist young people make the successful transition from school to work and this has informed the design of the proposed National Youth Transitions Service.

### **UK youth program**

The Working Links INITIATE Program in the United Kingdom is recognised by the European Union Social Fund as an example of international best practice. This program has successfully moved 70% of participants into full-time work or study. Its key features include a structured program to develop employability skills, that recognises achievement and rewards progress; personal coaching to develop capabilities and strengths; training targeted at individual needs; and employment consultants to connect with employer and find young people jobs.

Professor Richard Sweet (University of Melbourne) conducted an extensive review of youth transition programs in Australia and internationally, published as *Unemployed and inactive youth: what works*. He argued that Australia needs a youth-focused job placement and training agency that is separate and distinct from job placement services catering for adults.

The Brotherhood of St Laurence has developed a considerable evidence base around young people's transitions from school to work. In a variety of locations we have run demonstration projects for disadvantaged jobseekers that aim to engage young people and build their economic participation.

### **Brotherhood of St Laurence youth transitions model cited by OECD**

A recent major OECD review of youth labour market programs profiled the BSL's Youth Transitions Service operating in Melbourne's north and west as an outstanding example of a program that successfully moves young people into real jobs.

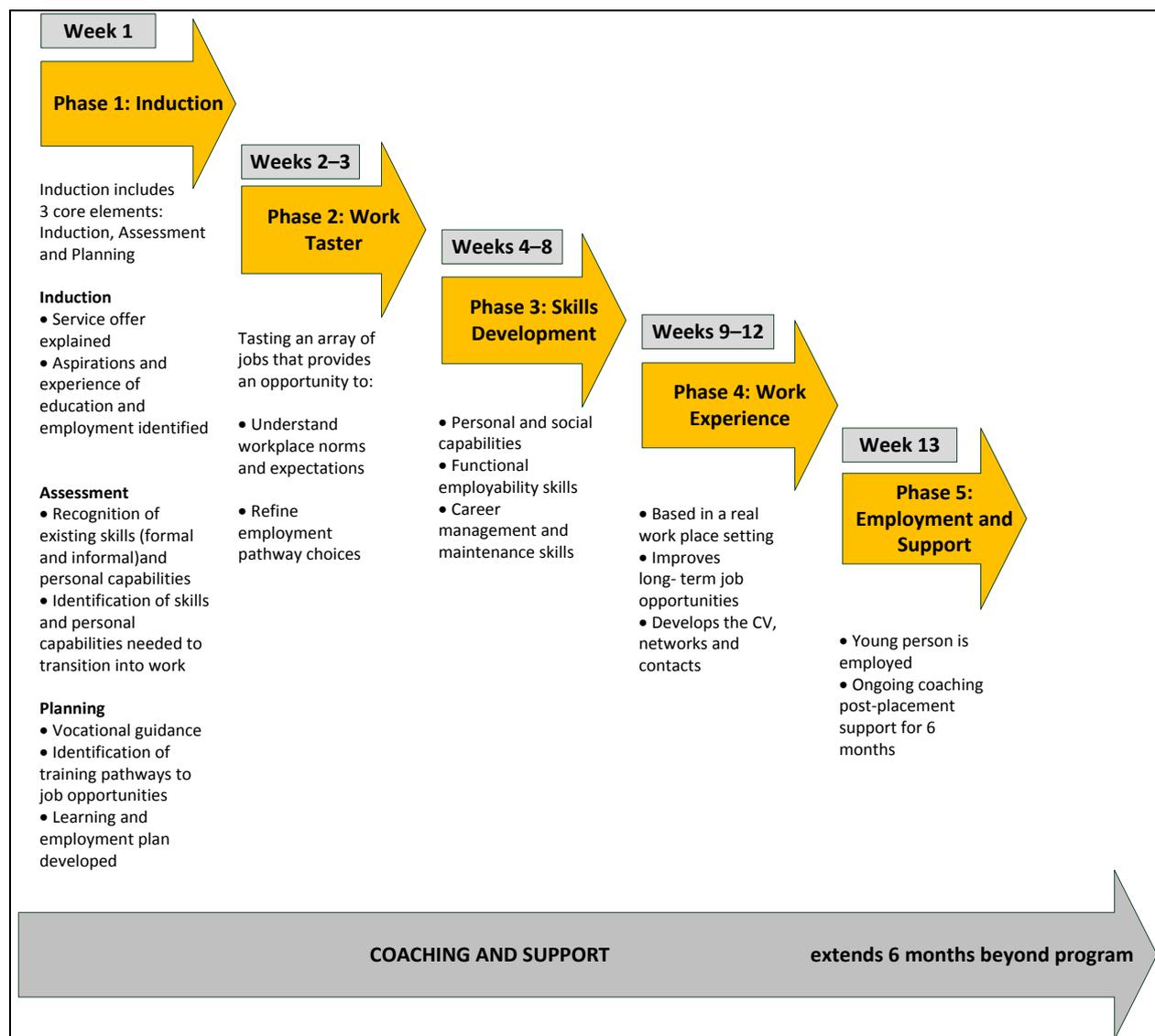
Run in the outer suburbs of Laverton, Melton and Craigieburn, our Youth Transitions Program has moved 70% of participants who completed the program into training, education or work. Most of the graduates immediately found a job. The program has so far worked with nearly 300 young people since it was launched in 2010. Participants include early school leavers and other young people facing barriers to employment. Operating in unemployment hotspots in growth corridors of Melbourne, the program focuses on developing job skills, work experience, providing tailored career advice and planning, coaching and introductions to employers looking for new recruits. Importantly, the service provides support to employers who take on the young people and remains in touch with the young person in their new job for up to six months, as required.

## How the Youth Transitions Service will work

A one-year trial will be rolled out in 15 locations identified across Australia.

Participants in the trial will progress through five phases of a 13-week intensive program (represented in Figure 1). In phases 4 and 5 they will be assisted to find work, and provided with ongoing support for up to six months to help them to retain their job. This on-the-job coaching would be dispensed on a needs basis by trained staff.

Figure 1: The 13-week program for a national Youth Transitions Service



Young people who are not successfully placed in employment at the end of the 13-week program will have their tailored Individual Employment Action Plan reviewed and will be assisted to develop a new course of action. This could include more intensive assistance, further vocational training or an extended work placement with the support of a wage subsidy. The Youth Transitions Service will continue to work with and support the young person until a successful outcome is achieved, for up to six months.

## Community connection, harnessing youth

### Rapid action

The longer young people are disengaged, the harder it is for them to move into work. It is proposed that all young people aged 17–24, upon receiving government income support, be rapidly referred to the Youth Transitions Service by Centrelink, so that they are actively engaged in this employment preparation and placement program.

### A progression ladder, not a safety net

The Youth Transitions Service will replace the idea of a safety net with a progression ladder. The service will focus on building the skills and capabilities young people need to secure work. Recognising young people's progress and achievements is integral to the model. The service will help young people to understand and identify what they have learnt and the skills they have acquired, and to use these to promote themselves to employers.

### Community effort

Prospective Youth Transitions Service providers will need to demonstrate that they can harness community effort and altruism. They will need to be closely aligned with mainstream employers, service and sporting clubs and universal services so that participants are part of, and engaged with, their communities.

**Employers:** Employability skills development will be linked to mainstream employment opportunities and informed by the needs of local employers. Partnerships with local employers will enable young people to participate in work 'tasters', work experience, volunteer opportunities and part-time and full-time work provided in real workplaces.

**Community:** Linking with community networks, such as service clubs and sporting clubs, the Youth Transitions Service will broker connections to assist young people to build their community participation and develop their networks and professional contacts to access employment opportunities.

**Access:** The Youth Transitions Service will be located in a mainstream professional setting such as a local government centre or a TAFE institute office that has high visibility and is close to transport, services and amenities.

### A multidisciplinary team

The Youth Transitions Service will be staffed by a multidisciplinary team with strong partnerships and networks across sectors (government, business, community, service clubs). The team will include a coach, skilled in developing young people and helping them reach their goals, rather than adopting a 'welfarised' case management approach. A qualified trainer skilled in career development will provide instruction in foundation skills and realistic careers guidance and advice. An employment consultant will work with local businesses to source employment opportunities and ensure that the service is meeting the needs of local employers.

## **Active follow-up, assertive outreach and continued support**

The Youth Transitions Service will actively follow up young people to encourage their ongoing engagement and participation in work. Where a young person is referred elsewhere for additional assistance, the Youth Transitions Service coach will undertake assertive outreach to check on their progress and ensure they can continue to progress through the service. The Youth Transitions Service will stay connected with young people for at least six months after they have completed the program, to help them settle into and sustain work or further study.

## **Trialling the Youth Transitions Service in 2014**

The Brotherhood of St Laurence proposes that the Australian Government commence a 12-month trial of the National Youth Transitions Service in 2014 in at least 15 locations across Australia including a mix of urban and regional settings, different youth population groups and diverse labour markets.

Each site will be staffed with coaches, trainer/careers advisors and an employment placement consultant. Each site will work with 200 young people at an estimated unit cost of around \$6,800 per participant. Young people will be directly referred into the trial by Centrelink, as an alternative to being referred to a Job Services Australia agency. Any compliance requirements attached to income support payments will be observed by the Youth Transitions Service.

### **Oversight of the trial**

The trial will require oversight; this should be done by the Department of Employment.

The contract management of the trial could also be undertaken by the Department of Employment. Alternatively, this could be done by a non-government organisation, based on the prime provider model, to oversee the 15 sites, at a total cost of \$530,000 for the management of the trial. The prime provider would ensure program fidelity, quality and reporting, provide training and development to all staff within the trial, support the evaluation and minimise administration and overhead costs to the Government and other parties.

A steering committee should be established to guide the trial, with members drawn from the Australian Government, community service providers and employer bodies.

### **Research, development and evaluation**

The trial will need to be supported by research and evaluation (at a cost of \$150,000), and the approach documented through the development of a Practice Guide and Training Manual (\$30,000).

The evaluation would measure outcomes achieved for young people in a way that could be compared with results achieved for young people by Job Services Australia agencies. Employer satisfaction with the Youth Transitions Service would also be measured.

### **Scaling up the Youth Transitions Service**

After the trial, if the approach proves effective in moving young people into work, the Youth Transitions Service could be brought to greater scale.

Funding would be redirected from the existing Job Services Australia system and from the vocational education and training system, to support operation of the Youth Transitions Service across Australia.

### **Budget for the trial**

The cost of the trial is estimated at \$20,413,415, of which \$8,973,909 could be immediately offset by use of training funding available from the VET budgets of the Australian and state governments. The remaining funds could be redeployed from the Australian Government's employment assistance programs.

For further information about the proposal for a national Youth Transitions Service,  
please contact

**Tony Nicholson**  
**Executive Director**  
(03) 9483 1327  
[tnicholson@bsl.org.au](mailto:tnicholson@bsl.org.au)

Brotherhood of St Laurence  
67 Brunswick Street  
Fitzroy Vic. 3065  
ABN 24 603 467 024  
[www.bsl.org.au](http://www.bsl.org.au)