

**BROTHERHOOD OF ST LAURENCE SUBMISSION TO AUSTRALIAN SENATE
STANDING COMMITTEE ON EMPLOYMENT, EDUCATION AND TRAINING
Inquiry into the implications of sustained high levels of
unemployment among young people (15-24 years old)**

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A Background issues

Introduction

This submission mainly draws on the submission by the Brotherhood of St Laurence to the Federal Government's meeting on Youth Unemployment in July 1992.

It is also relevant that the Brotherhood conducts a number of labour market programs direct to young unemployed people. These include:

- traineeship access courses in Fitzroy and Ballarat. One program, the Body Shop Limited Access Program, is aimed at homeless and 'at risk' young people utilising employment and work experience.
- Job club and job search programs.
- Support services to provide intensive individual support and, where necessary, provide housing assistance.
- An Open Employment Unit and a Disability Access Support Program for people with disabilities.
- A limited job generation program.

1. The unequal experience and effects of unemployment including youth unemployment has implications for:

- equity of future labour force participation with a perpetuation of inequality in access to the labour force and to opportunities for secure, well-paid employment;
- reduced capacity of many families with young people to adequately support them through prolonged periods of dependence, either when participating in full-time education or training or while unemployed;
- reduced social cohesion as a result of the alienation of many young people which is exacerbated by lack of

attachment to schools, work and/or families. The extreme result is the experience of youth homelessness. However, future social cohesion is also likely to be undermined by a growing division between those households where there are more than one member employed and those who have none.

Evidence of the unequal experience and effects of youth unemployment includes the following.

- The demonstrated relationship between growing up in poverty, low level of educational attainment and high unemployment. The study by Williams (1987) for the Australian Council of Educational Research showed that, relative to persons from the poorest 25 per cent of families, those from the wealthiest 25 per cent of families are about twice as likely to complete Year 12, undertake some form of post-secondary education, to enter higher education, attend university or enrol in a degree course.
- The most critical factor is completion of secondary education when assessing either prospect of employment and prospects of secure well-paid jobs. In May 1991, unemployment amongst 20 to 24-year-olds was:
 - . 21 per cent for those who had not completed secondary school;
 - . 9.2 per cent for those with a trade qualification;
 - . 7.6 per cent for those with a degree.

Duration of unemployment is also substantially higher for those who do not complete secondary schooling (Crossley 1990).

- Evidence from the Australian Longitudinal Survey (Muir 1986) also shows that there is a much higher proportion of early school leavers among long-term unemployed teenagers (78 per cent compared with 49 per cent in whole age group) but also a higher proportion of young people from large families and from single-parent families (who are most prone to be in poverty).

- A study by the Department of Social Security in the mid-1980s (Frey 1986) found that 36 per cent of all 16 to 17-year-olds on unemployment benefit had at least one other close family member in the same household also on a pension or benefit and that such young unemployed people also had longer durations of unemployment.
- In May 1992 most 16 to 17-year-olds who were in receipt of JSA or NEWSTART were in relatively low-income households and a relatively high proportion of 16 to 17-year-olds and 18 to 20-year-olds were living away from home.

Table 1 Situation of JSA/NEWSTART recipients, May 1991

Age (years)	Situation	Number
16-17	At home - parental income test applies	14367
16-17	At home - no parental income test	8614
16-17	Independent - parental income test	6267
16-17	Independent - no parental income test	1072
TOTAL 16-17		30,320
18-20	Living at home	75,007
18-20	Living away from home	54,119
TOTAL 18-20		129,126

- Trethewey (1989) in a study for the Brotherhood of St Laurence about the experience of 50 families with children in poverty showed that it was very difficult for low-income families to meet the extra costs of schooling. A number of families were unable to meet clothing and uniform costs, had difficulties in buying textbooks and could only afford low-cost school excursions.

2. Young unemployed people are not an homogeneous group but cover at least four major groups.

Group 1: Young people who have completed at least to Year 12 and/or who have obtained a qualification and are unable to find entry into an occupation of their choice (or possibly

any occupation). This group is characterised by its general work readiness and normally would be employed in a buoyant economy.

Group 2: Early school leavers (or young people staying at school due to lack of alternatives) who would be well suited to vocational training of some kind such as apprenticeships and traineeships, but who are unsuited to formal academic education at the present time.

Group 3: Very disadvantaged young people who have a poor, educational background, unformed vocational aspirations and poor work orientation often combined with social and economic disadvantages including homelessness or disability.

Group 4: Young people from any of the first three groups whose problems are compounded by locational factors. Young unemployed people in outer metropolitan areas, regional centres and rural areas fall into this group.

B. Policy responses

1. Responses to youth unemployment have to be multi-faceted and deal with:

- immediate lack of jobs as a result of the recession;
- need to increase access to education and training and improve outcomes for teenagers from low-income and disadvantaged backgrounds;
- immediate hardships experienced by many young unemployed people, particularly those who cannot rely on parental support;
- diversity of needs of unemployed young people.

Responses should also be compatible with responses to unemployment experienced by all age groups. There are high levels of unemployment among breadwinners which can have detrimental consequences for the future labour market prospects of children and teenagers.

There are high levels of unemployment among older people and unemployment is especially severe in particular regions.

- 2. Long-term perspectives require improving educational opportunities for teenagers from disadvantaged backgrounds as well as improving training and vocational opportunities**

Participation in education by children from disadvantaged backgrounds should be tackled at an early age with attention given to

- adequacy of income support to those who are under 16 years as well as those who are over 16 years;
- relevance of curriculum and funding of disadvantaged schools;
- provision of support services and assistance to early school leavers within the school system.

The Brotherhood supports the notion of a competency-based training allied to the notion of a graduated wage along the lines of the Carmichael report. It is vital that the Government provides opportunities for all young people to embark on skills' training which lead to well-defined career structures and stable employment.

We welcome the Government's initiatives announced following the national youth meeting and particularly welcome the greater possibilities for young people leaving school early, and for young unemployed people, to combine training with work.

- 3. Major gaps in current arguments and in the initiatives announced by the Government include the following:**

- improving school participation;
- the provision of support services to unemployed young people and to young people engaging in labour market programs. The Brotherhood's experience indicates that this is a critical factor in achieving successful completion of training and for retention of employment. This is inadequately funded by government at present. The funding for special programs for homeless unemployed

must have a strong unemployment and training focus announced as part of the Government's recent initiatives.

- The provision of adequate levels of income support.

The youth incomes area requires a substantial review.

Problems include:

- very low levels of social security payments (related to problems with age-related payments);
- rigid eligibility for social security and AUSTUDY payments which creates hardship for many while establishing eligibility and which makes transition from the different activities of education, job search, training, employment experience and possibly back to education and training, very difficult.
- The inability of low-income families to support older teenage children.
- Low levels of AUSTUDY payments.

Specific recommendations for the alleviation of immediate hardship for those most in need include:

- the extension of rental assistance to AUSTUDY recipients;
- increase of the independent rate of JSA and YHA for 16 and 17-year-olds to the same rate as for independent 18 to 20-year-olds.

It should be stressed that these must be complemented by long-term changes to improve the adequacy of income support arrangements.

3. A regional job creation initiative targeted at all unemployed people for which young employed people would also be eligible

This is an important requirement during the recession which is impacting differently in various regions and which limits the effectiveness of wage subsidies alone in creating work opportunities for all unemployed people, including young unemployed people.