



**Inquiry into the Social Services  
Legislation Amendment: 2021  
Strengthening Income Support Bill**



**Youth Action's Submission to the Senate  
Standing Committees on Community Affairs**

# Acknowledgment of Country

Youth Action acknowledges the Traditional Custodians of Country throughout Australia and understands that sovereignty was never ceded. Our office is located upon the land of the Gadigal people and we recognise their traditional and ongoing Custodianship and pay our respects to Elders past, present and emerging.



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# About Youth Action

Youth Action is the peak organisation for young people in NSW and the youth services that support them. Our work helps build the capacity of young people, youth workers and youth services, and we advocate for positive change on issues affecting these groups.

It is the role of Youth Action to:

- Respond to social and political agendas relating to young people and the youth service sector.
- Provide proactive leadership and advocacy to shape the agenda on issues affecting young people and youth services.
- Collaborate on issues that affect young people and youth workers.
- Promote a positive profile in the media and the community of young people and youth services.
- Build capacity for young people to speak out and act on issues that affect them.
- Enhance the capacity of the youth service sector to provide high quality services.
- Ensure Youth Action's organisational development, efficiency, effectiveness and good governance.

# Introduction

Youth Action welcomes the opportunity to respond to the Social Services Legislation Amendment (Strengthening Income Support) Bill 2021. We are calling on the Government to reconsider its announced minimal increase with a meaningful increase that lifts young people out of poverty.

The ramifications of a social service system that continues to entrench poverty from a young age will lead to poorer educational, employment and social outcomes for all communities. A meaningful increase in Youth Allowance and JobSeeker will not only support Individuals but lead to stronger communities and empowered young people.

This submission is informed by our ongoing advocacy in equity and poverty reduction, joint campaigning efforts with the Raise the Rate for Good campaign, and most significantly by the voices of young people and the services that support them.

## Background

At Youth Action, we work towards a society where all young people are valued for their expertise, engaged in decision making and supported by a strong community sector. We aim to elevate the voices of young people to the institutions of power and break down barriers for marginalised communities to become active participants in policy development. This is accomplished through collaborative research, proactive advocacy, and asset-based community development.

NSW has responded to the COVID-19 pandemic efficiently and empathetically. The Government has rightly prioritised the health impact while juggling the deep economic retraction and community wellbeing. Communities have rallied, services have adjusted, and some people have thrived.

Unfortunately, young people are overrepresented in many of the ongoing negative outcomes presented by the pandemic, most notably in employment and job security.

## Primary Research

Youth Action conducted primary research in the form of a time limited, snap survey of young people and the Youth and Community workers who support them. We received 30 responses but 6 did not qualify for inclusion in this report. Of those who did, 18 were young people and 6 were Youth and Community Workers.

Of these respondents:

- 10 identified as culturally and/or linguistically diverse;
- 1 was experiencing homelessness;
- 4 were people living with disability;
- 6 identified as LGBTIQ+;
- 2 were young carers; and
- 3 were from rural or regional areas.

Of the respondents, 12 were currently receiving JobSeeker or Youth Allowance. 6 had been receiving a payment for less than 6 months; 3 for 6 months to 1 year; and 3 had received a payment for more than 1 year.

Their responses have been included throughout this submission.

# Unemployment and Young People

The Australian Bureau of Statistics (ABS) has recently released data showing that the NSW unemployment rate in January 2021 was 6% - remaining significantly higher than 4.5% in January 2020 (2021). For young people, the situation is much more concerning.

One in three young people were unemployed or under-employed in December (Brotherhood of St Laurence 2020). Full-time employment dropped three times more for young people in comparison to the general population (Ziffer & Clayton 2020). As of January, the unemployment rate for young people has not yet returned to pre-COVID levels, sitting at 13.9%, a rate more than twice that of the general population (ABS 2021).

One young person, who identified they had recently been released from custody, highlighted how the cut in support would add to the barriers they already face to find employment.

*“After March COVID is still an issue that impacted not only local communities but the entire country. Jobs won’t magically just start exploding because of the decrease in payments. People who, like myself, have recently been released from custody or who are experiencing homelessness have less of a chance to gain the limited employment on offer”.*

The Government explained one of its reasons for the limited increase was the anecdotal evidence businesses were struggling to find workers. There is no evidence to support this claim.

In NSW, as of November 2020, the ABS estimates there was 82,700\* job vacancies (2020). At the same time there were 282,500 unemployed persons (ABS 2021). This equates to 10 jobs for every 34 jobseekers. Nationwide, as of November 2020, the ABS estimates there was 254,400 job vacancies (2020). At the same time there were 942,100 unemployed persons (ABS 2021). This equates to 10 jobs for every 37 jobseekers.

The changes are counterintuitive to what the Government is trying to achieve – greater economic participation from all Australians. One young person who works in the Youth and Community sector and has been receiving support for less than 6-months outlined how the cut will impact her ability to find employment:

*“I think I will not be able to apply for as many jobs, travel to and from costs too much, even though they are increasing mutual obligations too. I'll have to do up a spreadsheet for food and bill budgeting. I won't be able to pay off debts in time”.*

Four Youth and Community workers noted the increased payment does not match the current cost of living, with one rejecting the Government's suggestion that a higher rate would limit job seeking.

*“(I disagree with the Government's decision) due to the lack of jobs available, especially for our youth and the cost-of-living (support) is not enough and is not sustainable”.*

Usually, in periods of economic downturn, casual and low-skilled workers are at the front line of retrenchment. These are also often the jobs most likely to be worked by young people. Until the number of job vacancies reaches parity with the number of people seeking employment, a meaningful increase to payments is required to ensure quality of life for people during inevitable periods of unemployment.

*\*All figures used are seasonally adjusted, except where this data was unavailable, as indicated by an asterisk.*

# Rental Stress

The current rate recommended by the Government is significantly lower than the prohibitive cost of living found in NSW. By pegging the rate to CPI, the payment has not been close to covering even basic expenses. In many scenarios, JobSeeker recipients will be in rental stress, spending more than 30% of their income on housing expenses. One young person currently receiving the payment said:

*“Living expenses are gradually rising and the proposed payment is not satisfactory. Currently, many dependent on social security are barely scraping by. The coronavirus supplement has been helpful, but the proposed increase barely covers necessities”.*

The median weekly rental price for a 2-bedroom dwelling is \$495 in Greater Sydney and \$340 throughout the rest of NSW (Tenants’ Union of New South Wales 2020). For a young person in Greater Sydney splitting the cost of a 2-bedroom dwelling, their fortnightly rental cost is \$495, approximately 80% of the proposed JobSeeker rate. For a NSW young person residing outside of Greater Sydney, this equates to \$340 per fortnight, approximately 55% of the proposed JobSeeker rate.

The median weekly rental price for a 1-bedroom dwelling is \$420 in Greater Sydney and \$250 throughout the rest of NSW (Tenants’ Union of New South Wales 2020). For a young person in Greater Sydney paying the cost of a 1-bedroom dwelling, their fortnightly rental cost is \$820, approximately 130% of the proposed JobSeeker rate. For a NSW young person residing outside of Greater Sydney, this equates to \$500 per fortnight, approximately 80% of the proposed JobSeeker rate.

The six young people who are currently not receiving support, and identified they never had, all indicated they did not support the Government’s announced increase level.

*“Extra income will mean that individuals and families will have a greater chance to thrive. The recent increase shows that the Government does not care about allowing people to have a comfortable life. Payments should increase by at least \$200 a fortnight to ensure people can not only afford their basic needs but be able to save or pay for unexpected expenses such as medical bills”.*

## Case Study

Youth Action spoke with a young person from Sydney in her early 20s. They are the founder of a social enterprise dedicated to the upskilling and mentoring of young people across Australia.

*“After losing my job right before the pandemic. I was able to use the supplement to ideate, create and deliver programs and initiatives that positively impact the lives of young Australians, without which I'm not sure I would have been able to afford basic living costs like food and rent”.*

*“I am very concerned at what the reduced rate of job seeker will mean for me personally. I have just paid my rent, which comes out monthly and I am left with \$38 until the next payment in two weeks' time”.*

*“To those who say that the increased rate is enough, I ask you to commit to living below the poverty line, which is squarely where that extra \$3.57 will place young people across Australia - especially in line with the rising cost of living. These are unprecedented times with unprecedented levels of youth unemployment. Instead of asking young people to move to regional towns to find work and potentially take work away from youth in regional towns - we should be investing in youth, we should be investing in the future - and we should be investing in initiatives that tackle the gaps in our education, opportunities and communities that are currently expanding through inaction and stagnation”.*

*“I did not stop studying or working when I decided to apply for welfare for the first time in my life. In fact, circumstances led me to work harder, to enrol in another degree and to create an organisation that positively impacts the lives of young Australians across the country. I am a young person, I am a changemaker and I am a positive investment into the future of my community”.*

# Conclusion

NSW has responded to the COVID-19 pandemic efficiently and empathetically. Much of that has been possible by the generous supports provided by the State and Federal Governments.

A silver lining of the pandemic has been the additional financial supports provided by the Federal Government via the COVID-19 Supplement; marking the first real increase in financial support for more than 20 years.

Prior to the pandemic, the rate for JobSeeker and Youth Allowance sat below the poverty line and even at its highest-level forced hundreds of thousands of young people to live off \$40 a day. The COVID-19 Supplement meant some young people were able to buy fresh fruit and vegetables and pay bills and rent on time for the first time in years.

As evidenced in their feedback to this submission, young people very clearly articulated the positive impact the COVID Supplement had on their wellbeing and quality of life. These gains are not able to be sustained with the proposed permanent rate increase of \$50 a week, resulting in significant adverse outcomes for a group of young people at a time when they are most vulnerable.

# References

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