

CHAPTER 5

YOUTH UNEMPLOYMENT AND INCOME SECURITY

The Youth Accommodation Coalition would argue for

- an immediate increase in the under 18 unemployment benefit to the adult single rate;
- rationalisation of both benefits and allowance levels;
- abolition of waiting periods;
- extension to eligibility to 15 year olds;
making benefits available from the date an applicant leaves school;
- abolition of the work test;
- standardising permissible income to \$50.00 per week.¹¹

The Victorian Council of Social Services stated that:

‘ . . . the expenses were \$25.00 for rent, \$21.00 for food at a minimum of \$3.00 a day, \$2.00 for electricity and gas, \$1.50 for telephone calls for jobs at about three a day, \$5.00 for bus and train fares to the city to seek work, \$2.50 for one taxi a week to meet a job appointment, an average of \$6.00 for clothes and shoes, \$2.40 for newspapers, \$1.40 for washing clothes, detergent, soap and shampoo, and \$1.50 for a haircut. These total \$64.80 for living expenses including rent of \$25.00.’¹²

The Brotherhood of St. Laurence proposed that:

1. Everyone who has left school, including those who have left on exemptions, should be eligible for unemployment benefits if they are registered for employment.
2. The level of unemployment benefit for people under 18 being increased to a minimum of \$44.10 a week.
3. An additional accommodation allowance of \$20.00 a week be paid to people under the age of 18 who are living away from their parental home.
4. Allowances under the Secondary Allowance Scheme be increased to \$44.10 with a liberalised means test of family income to ensure that financial difficulties do not prevent young people from continuing education.
5. Young people participating in pre-training programs in post-secondary institutions should be paid a means tested TEAS equivalent to the appropriate level of unemployment benefit, that is, for those aged under 18, \$44.10, if living at home, with an additional accommodation allowance of \$20.00 if living away from home.
6. Young people participating in on-the-job training should be paid NEAT allowances equivalent to the appropriate level of unemployment benefit.
7. Participants in EPUY be eligible for unemployment benefits of \$44.10 if under 18, with an accommodation allowance of \$20.00 if living away from home.
8. The adult single rate should be raised to \$64.10 a week so as to line up with the living away from home junior single rate.’¹³

These are just a few of the many recommendations put forward to the Committee regarding proposed levels of unemployment benefits and other forms of financial assistance. The general thrust of all income security recommendations could be summarised as follows: that the junior rate be raised to the adult rate and that all benefits be raised to a level which is at or near the ‘poverty line’.

The Committee acknowledges that it would be impossible for any young person to live independently on \$36.00 a week, and also that it would be very difficult for anyone to live on \$58.10 a week unless living in a group situation (these are the present under 18 and over 18 years of age unemployment benefits respectively). However, to simply raise unemployment benefits to the recommended levels would not, in the Committee’s view, be of any long-term assistance to unemployed homeless youth. In addition, the cost to revenue would be prohibitive. Even more importantly, such a policy would have

a very destabilising effect on our entire wage structure, particularly the level of payment to apprentices, and on other benefit payments. The Committee does not dispute the financial needs of homeless unemployed youth, but it does have grave concerns as to how additional financial assistance should be given to these young people.

Youth unemployment

Table 5.1 shows that the general level of unemployment rose from 4.5 per cent in 1975 to 5.9 per cent in August 1980, but fell to 5.6 per cent by August 1981. The latest figure available to the Committee showed that unemployment was 6.6 per cent as at March 1982. At the same time, youth unemployment rose from 12.9 per cent in August 1975 to 16.7 per cent in August 1980 and then fell to 13.9 per cent in August 1981. In March 1982 this rate had risen to 17.3 per cent. (The youth unemployment rate is the number of unemployed as a percentage of the labour force in the 15 to 19 year old age group.)

Table 5.1 shows that youth unemployment (15-19 year olds) accounted for around 32 per cent of total unemployment in August 1975. It remained at around that figure until August 1981, when the figure dropped to around 28 per cent. By March 1982 the figure had risen to 30.5 per cent. If one looks at the age group 15 to 24, the figures indicate that since 1975 it has accounted for over 50 per cent of the total number of people unemployed.

Table 5.2 shows that the number of people on unemployment benefits has doubled during the period 1975 to 1982. It is also interesting to note that while youth unemployment has maintained its relatively high share of total unemployment, the percentage of youth benefit recipients (under 20 years old), as a proportion of the total unemployment benefit recipients, has fallen from around 41.5 per cent in 1975 to around 33.6 per cent in 1981. This could be accounted for by a number of factors. First, it may indicate a high number of people who have just left home and have not registered for work. Secondly, it may indicate that a number of young people have decided to leave a particular job of their own accord. Thirdly, it may indicate that many young people are simply unaware of their unemployment benefit rights.

Table 5.1: Employed and Unemployed Persons by Age, August 1975 to 1981 and March 1982 ('000)

Age	August							March
	1975	1976	1977	1978	1979	1980	1981	1982
15-19—								
Employed	615.7	607.1	618.4	630.8	617.7	650.9	652.0	673.1
Unemployed	91.1	100.4	135.3	127.6	129.7	130.7	105.6	140.6
20-24--								
Employed	841.8	848.5	862.2	845.0	885.2	914.3	943.3	958.2
Unemployed	52.9	58.2	70.6	85.2	78.8	88.0	87.7	99.7
15-24---								
Employed	1 457.5	1 455.6	1 480.6	1 475.8	1 502.9	1 565.2	1 595.3	1 631.3
Unemployed	144.0	158.6	205.9	212.8	208.5	218.7	193.3	240.3
25-44—								
Employed	2 613.9	2 665.3	2 752.0	2 798.5	2 868.8	2 986.0	3 055.9	3 121.4
Unemployed	88.2	90.6	106.7	123.6	117.9	122.7	130.6	163.2

Age	August							March 1982
	1975	1976	1977	1978	1979	1980	1981	
45-54—								
Employed	1 066.3	1 085.5	1 067.5	1 034.0	1 026.7	1 029.9	1 040.6	1 049.6
Unemployed	29.4	29.1	29.9	37.6	30.5	32.0	31.0	34.7
55 and over—								
Employed	703.7	691.6	695.2	661.3	643.2	665.3	664.5	658.8
Unemployed	16.8	14.3	16.7	21.8	16.9	18.9	22.1	21.4
All ages —								
Employed	5 841.2	5 897.8	5 995.5	5 969.6	6 041.5	6 246.7	6 356.3	6 461.1
Unemployed	278.4	292.7	359.3	395.7	373.8	392.3	377.1	459.7

Source: Australian Bureau of Statistics.

Table 5.2: Unemployment Benefit Recipients by Age, 1975 to 1981 ('000)

Age	June 1975	August						February 1982
		1976	1977	1978	1979	1980	1981 (a)	
Under 18	29.7	35.0	39.6	38.7	42.6	38.8	33.7	51.3
18-20	34.4	42.5	56.1	62.2	69.5	70.8	69.9	83.6
21-24	24.7	29.6	42.7	49.9	54.4	55.0	60.2	71.9
25-44	40.8	51.8	72.1	85.5	89.0	88.9	101.2	117.9
45-54	15.0	18.8	23.4	26.5	25.5	23.4	25.2	27.3
55 and over	10.0	12.9	15.9	18.1	17.1	15.8	17.6	19.1
Total	154.4	190.6	249.8	280.8	298.1	292.6	307.8	371.2

(a) Survey conducted early in September.

Note: The above figures are obtained from surveys of Unemployment Benefit Recipients conducted by the Department of Social Security. The surveys usually cover about 96% of Unemployment Benefit Recipients.

Source: Department of Social Security.

Not only has youth unemployment remained high in recent years, but as well the average duration of unemployment has increased substantially. In August 1975 the average duration of unemployment for 15 to 19 year olds was 13.2 weeks. By August 1978 it had risen to 23.5 weeks and by August 1981 to 25.4 weeks. Table 5.3 shows that the average duration of youth unemployment has been below the average duration of total unemployment.

At first impression, this average duration seems to be inconsistent with the other youth unemployment statistics. However, a further examination of recent figures shows that in September 1981 the median duration of youth unemployment was 14.9 weeks whereas the median duration for 20 to 24 year olds was 14.3 weeks. For 25 to 34 years olds it was 12.2 weeks and for 35 to 54 year olds, 20.2 weeks. This figure is more consistent with other youth unemployment statistics in that it shows that the majority of young unemployed people experience far greater periods of unemployment compared to other age groups, with the exception of the 35 to 54 year olds. In general terms this means that more young people are likely to spend greater periods out of work compared with most other age groups in the work force.

The payment of unemployment benefits and other allowances has always been viewed as offering temporary relief to people while they seek work. The notion of temporary assistance relates to the sixties and early seventies, where the average duration of unemployment was less than five weeks. When the average duration of unemployment rises to its current level, the word 'temporary' takes on an entirely new meaning.

Table 5.3: Average Mean Duration of Unemployment by Age, August 1975 to 1981 and March 1982 (weeks)

Age	August							March 1982
	1975	1976	1977	1978	1979	1980	1981	
15-19	13.2	18.5	21.1	23.5	25.9 (18.0)	26.7 (19.2)	25.4 (16.3)	20.7
20-24	9.8	14.1	17.8	24.7	27.9 (15.5)	28.2 (14.6)	32.4 (11.9)	27.7
25 and over	13.5	18.2	22.9	28.8	n.a.	n.a.	n.a.	n.a.
25-34	n.a.	n.a.	n.a.	n.a.	22.8 (11.7)	28.5 (12.9)	31.3 (11.6)	27.3
35-54	n.a.	n.a.	n.a.	n.a.	33.2 (16.3)	42.8 (21.1)	45.7 (21.2)	40.0
Total	12.7	17.5	20.9	26.2	28.4 (16.4)	32.1 (17.8)	35.1 (15.7)	29.8

n.a.— not available.

() median duration.

Source: Australian Bureau of Statistics.

In its submission to the Committee the Victorian Government stated:

'Analysis of various aspects of unemployment such as rates of unemployment, the ratio of job seekers to unfilled vacancies within different occupational areas and shares of unemployment borne by different age groups provides extremely strong evidence of the relative disadvantage of young people in the labour market. A 1980 study by the Department of Community Welfare Services found that young people bear a disproportionate share of unemployment in Victoria. Nearly four in seven people unemployed in Victoria are aged between 15 and 24, even though they comprise just over one-quarter of the total labour force. The rate of unemployment for 15 to 19 year olds in Victoria increased from 5.7 per cent in August 1974 to 15.9 per cent in August 1979, whereas it increased from 2 per cent to only 3.7 per cent for people over 25 years of age during the same period.'

The Tasmanian Government's submission reported that youth unemployment in its state had risen from 14 per cent in 1976 to somewhere between 20 and 25 per cent by 1980.⁵ The South Australian Government's submission reported that youth unemployment had risen to 28 per cent by February 1981.⁶ Indeed, as the Committee visited every state and territory, it was given the same disturbing picture concerning youth unemployment.

Unemployment benefits

The Committee acknowledges the various rights of young people but at the same time it must be recognised that with those rights come obligations. Every young person over the age of 16 years of age has a right to be paid unemployment benefits. However, it is not an unconditional right. According to the Department of Social Security, the payment of unemployment benefits is made on the condition that the person

- is unemployed—
- is capable of undertaking and willing to undertake suitable paid work
- has taken reasonable steps to obtain such work
- is not unemployed due to being or having been engaged in industrial action, and

— is not unemployed due to industrial action by other members of a trade union of which that person is a member.

Benefit levels

The junior unemployment benefit rate (16 to 18 year olds) has remained unchanged at \$36.00 a week since 1975. The adult rate for unemployed people aged 18 years and over without dependants is currently \$58.10. Since May 1975 the adult rate has risen from \$36.00 to \$58.10 a week.

All unemployment benefits are subject to an incomes means test. In respect of unmarried persons aged 16 or 17 years (with at least one parent living in Australia) the benefit is reduced by 50 cents a week for each dollar of income earned per week in the range of \$3.00 to \$40.00, and by \$1.00 a week for each dollar of income over \$40.00. In respect of other persons, the benefit is reduced by 50 cents a week for each dollar of income earned per week in the range of \$6.00 to \$50.00, and by \$1.00 a week for each dollar of income earned per week over \$50.00. (Prior to August 1981 each dollar earned resulted in a one dollar deduction in benefits.)

Benefit eligibility

Unemployment benefits are not paid to people under the age of 16 years. On application, however, a special benefit can be paid to select youth aged between 11 and 15 who are suffering hardship because they are unable to earn an income, or have insufficient money to support themselves. (This benefit is only payable if the person does not qualify for another benefit or pension.) A 16 year old who has just left school must wait six weeks before becoming eligible.

Government responsibility

In the majority of cases the government's responsibility is to support the family, not to take over its function. The real dilemma of government is knowing at what point family support for a young person can be considered to have ceased to exist. Both parents and youth should not be enabled to readily shirk their responsibilities and obligations. At the same time, governments should not wait until the last moment to provide assistance. It is in this grey area —the shared responsibility of the care and support of young people —that witnesses before the Committee have differed markedly in their views.

The Committee is well aware of the tragic and traumatic family backgrounds of many of the young people it met with throughout the course of this inquiry. In the majority of these cases, government would have a very decisive role to play in the provision of shelter and financial support.

Overseas experience

In most countries the responsibility of unemployed youth is left entirely up to the family and relatives, with government playing a very passive role. In Australia, on the

other hand, we have come to expect that government will provide a significant amount of financial support to assist all people who are unable to find full time employment. The Committee has looked at a number of income security schemes and other forms of assistance to youth that have been implemented in various countries.

It is interesting to note that most other Western countries have introduced employer/employee financed social insurance schemes. New Zealand is the only other country apart from Australia to finance its unemployment benefit system entirely from general revenue. Another interesting fact is that most other countries require participants to have been in employment, and to have contributed to an insurance scheme, before consideration of any payments can be made. Consequently, young people who have left school or university and are about to seek employment are generally not eligible to claim any income from these schemes until such time as they have been able to contribute. In most countries examined, there appears to be a very strong attitude that families should support unemployed youth. For example, in West Germany there is a statutory requirement that families and relatives must support all children until such time as they are able to obtain full time employment.

Like Australia, most countries have introduced school to work transition schemes. A Swedish Act of Parliament in 1980 made the school responsible for ensuring that all 16 and 17 year olds are either in education or employment. An average of 80 per cent of 16 year olds presently go on to upper secondary school immediately after nine years in the comprehensive school. This practice is highly encouraged. Consequently the majority of young people attend school until 17 or 18 years of age. For those who do not, and are unable to gain employment, a number of orientation and vocational courses are available. These either provide the young person with certain basic skills or with information on occupations and various educational alternatives. Practical experience of working life at various places of work is also available. As well, it is possible to arrange training for young people in which the school and companies co-operate.⁷

In Britain the Youth Opportunities Program now caters for around half a million unemployed young people every year. Around 90 per cent of the people in this program are provided with work experience while the remaining 10 per cent attend work preparation courses.⁸

Appendix 4 contains a brief description of various overseas income support schemes and other measures specifically designed to deal with unemployed youth. The countries covered include Belgium, Canada, Denmark, the Federal Republic of Germany, New Zealand, Sweden, Switzerland, the United Kingdom and the United States of America. The Committee sees merit in many schemes operating overseas and believes that they can offer viable alternatives to unemployment.

Income security recommendations

Income security issues concern not only homeless unemployed youth but all unemployed youth. The Committee has therefore found it very difficult to make recommendations concerning income security which are unique to homeless unemployed youth. The Committee believes that all unemployed youth face similar obstacles when seeking full time employment.

The Committee has framed its income recommendations around a demonstrated needs basis. Consequently, it has been unable to accept recommendations from many witnesses who have proposed across the board increases in unemployment benefits and

other allowances. While across the board increases would be by far the simplest of schemes to administer, the cost to revenue would be extremely high, and the implementation of such a scheme under the present economic conditions would almost certainly mean less funds available for other social welfare programs.

It would seem that the present philosophy of the Government with regard to the junior unemployment rate of \$36.00 is that it is only meant to support those 16 and 17 year olds living in the parental home. The economic and social factors on which the junior rate was set six years ago have altered significantly, however, and the Committee believes that it is important for the Government to make clear the basis on which the junior rate is determined and what that rate is expected to cover. In 1975, the payment of \$36.00 a week was equivalent to 22.5 per cent of average weekly earnings. The payment of \$36.00 a week in 1982 now represents around 12 per cent of that sum.

The pegging of the junior under 18 unemployment benefit at \$36.00 per week has no doubt caused serious hardships for other unemployed youth, not just those who are homeless. Not only, as stated above, would it be impossible for anyone to live independently on \$36.00 a week, but also, for some unemployed youth, that amount of money would not be sufficient to support them in the family home (particularly if the parents are unemployed or in receipt of a pension). The Committee **RECOMMENDS that an allowance equivalent to the difference between the over 18 years of age unemployment benefit rate and the junior unemployment benefit rate should be made available to certain unemployed youth under 18 years of age. These would include:**

- (a) those who have had to establish themselves, for one reason or another, away from the family or statutory home;
- (b) those whose family's financial circumstances are such that the additional benefit would enable the family to remain together as a unit rather than the young person being forced into possible homelessness.

Apart from special instances, the allowance would be paid directly to the hostel or supportive household which is accommodating the young person after an appropriate application has been made on his or her behalf.

The allowance would be regarded by the hostel or household as a portion of the young person's board. The application form for the allowance should require as much information from the applicant as is necessary to enable the Government to assess the stated reasons for homelessness and any access to parental financial support. This will ensure, as far as possible, that only those genuinely in need of the benefit will receive it.

A difficult task for the Committee was to determine what form and level of financial assistance should be given to homeless youths who wish to continue with their secondary education. The Committee suggests that for those under 16 years of age, the most appropriate course of action would be to bring them under the care and attention of the State Welfare Department. This will ensure that proper care and attention is given to them. For those aged between 16 and 18 years of age, it would appear that under present state legislation they are in a 'no man's land'. There is no clear policy as to who should be responsible for the safekeeping and care of these young people.

The Secondary Allowance Scheme, which provides up to \$14.00 a week on a family income means tested basis, is certainly inadequate for many young people who are not residing in the family home. It is quite obvious to the Committee that the Scheme was designed to help support the family to keep their children at school. It was not designed to contribute to board and lodgings outside of the family home, as the payment under most circumstances goes directly to the student's parents or guardians. Table 5.5 shows that the maximum allowance under this Scheme has risen from \$304 in 1974 to \$726 in 1982. Table 5.4 indicates that many students throughout Australia have made use of

youth refuges. Unfortunately, the data does not indicate whether or not these students have stayed on at the youth refuge or returned to the parental home after two or three days.

Table 5.4: Employment Status/Education

	<i>N.S.W.</i>	<i>Vic.</i>	<i>Qld</i>	<i>S.A.</i>	<i>A.C.T.</i>
SECTION 1—					
Total Population: Cases	1 298	813	947	66	99
per cent in labour force	64	70	87	68	67
per cent not in labour force	32	23	4	26	28
per cent status unknown/unstated	4	7	9	6	5
	100	100	100	100	100
SECTION 2—					
(A) Sub-population:					
In labour force: Cases	825	566	821	45	66
per cent of cases in labour force —					
per cent no hours worked/seeking f/t work	68	75	90	81	86
per cent part time work/seeking f/t work	5	4	2	7	3
Total per cent seeking f/t work—					
per cent not seeking work	13	5	5	4	5
per cent part time work	2	2	5	—	—
per cent full time work	13	14	3	2	6
	101	100	100	100	100
(B) Sub-population:					
Not in labour force: Cases	420	183	38	17	28
per cent of cases —					
per cent students attending	65	73	29	76	86
per cent students not attending	22	20	37	6	11
per cent other	13	7	34	18	3
	100	100	100	100	100

Source: Department of Social Security.

Table 5.5: Secondary Allowance Scheme: Level of Allowances and Students Receiving Assistance, 1974 to 1982

	<i>Maximum allowance</i>	<i>Adjusted family income</i>	<i>Number of students</i>
	\$	\$	
1974	304	3 100	7 274
1975	450	3 500	6 796
1976	450	4 300	12 369
1977	550	5 100	12 983
1978	550	5 800	17 632
1979	550	5 800	19 400
1980	550	6 200	23 100

	<i>Maximum allowance</i>	<i>Adjusted family income</i>	<i>Number of students</i>
	\$	\$	
1981	660	7 440	25 500
1982	726	8 432	26 200(est.)

Source: Department of Education, Annual Reports; 1981-82 Budget Papers; Ministerial Statement 20 August 1980.

The Committee **RECOMMENDS** that if senior secondary students (over 16 years of age) are homeless and have to seek accommodation in a youth hostel or supportive household, the Commonwealth Government should pay the cost of that person's board and lodgings and ensure that the Secondary Allowance is paid directly to the young person concerned. The total cost involved should not exceed the adult unemployment benefit rate.

Parents who have the financial resources to care for their children should not be allowed to opt out of their responsibilities. However, if parents have the financial capacity to care for their children but are unwilling to do so in an appropriate manner within the family home, then every assistance (e.g. legal aid) should be given to these young people so as to ensure that they have access to sufficient financial resources to enable them to cover the costs of their forced independent lifestyle. Uppermost in the Committee's mind is the need to ensure that those in need are given appropriate assistance and that this assistance is provided as quickly as possible.

Conclusion

Youth unemployment continues to remain at an unacceptably high level and added to this is the significant increase in the duration of unemployment. When youth unemployment is coupled with homelessness, the resultant economic and social problems are compounded. The Committee acknowledges that no-one on \$36.00 a week (junior unemployment benefit rate) could expect to live independently. In addition, the Committee believes it would be almost impossible for anyone on \$58.10 a week (adult unemployment benefit rate) to successfully maintain a full independent lifestyle.

The issue of unemployment benefits is far broader than the terms of reference of this inquiry. The Committee has found it difficult to isolate the issue of homelessness and income security from the general issue of income security. Nonetheless it has made two specific recommendations. First, that an allowance equivalent to the difference between the junior and the over 18 years of age unemployment benefit rate be made available for unemployed youth under the age of 18 years on proof that these young people have had to establish themselves away from the family or statutory home, or are in genuine need within the family home. Except for special circumstances, this allowance is to be paid directly to the supportive household or hostel accommodating the unemployed youth. While the Committee has not made any recommendations regarding the level of the junior rate, it believes it is important for the Commonwealth Government to spell out the basis on which that rate is determined, and what that rate is expected to cover.

Secondly, for those homeless youth who are attending secondary school but who have no access to financial support from their family, the Committee has recommended

that the Commonwealth Government meet the cost of their full board and ensure that the payment under the Secondary Allowance Scheme goes directly to them.

Endnotes

1. Transcript of evidence, p. 497.
2. Transcript of evidence, p. 1986.
3. Income and Allowances for Young People, Brotherhood of St Laurence, submitted by the Council to Homeless Persons, Victoria, Transcript of evidence, p. 865.
4. Transcript of evidence, p. 1705.
5. Transcript of evidence, p. 2379.
6. Transcript of evidence, p. 3195.
7. Birgitta Magnusson, Current Sweden, What is being done in Sweden for Unemployed 16 and 17-Year-Olds?, No. 275, September 1981, p. 3.
8. Education, Employment and the Youth Opportunities Programme: some sociological perspectives, p. 211, Oxford Review of Education, Vol. 7, No. 3, 1981.