



# Faces of Unemployment

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April 2020



Jobs Australia

**Faces of Unemployment** is a publication by the Australian Council of Social Service and Jobs Australia Ltd.

It was written by Peter Davidson (Principal Advisor, ACOSS), and Peter Defteros (Policy Analyst, Jobs Australia Ltd) and research & editorial support from Penny Dorsch (Project Manager & Researcher, ACOSS). Employment Service Providers ETC, CVGT and BEST Employment, all Members of Jobs Australia Ltd. provided the case studies. ACOSS and Jobs Australia Ltd. would like to thank the people who shared their stories for this report, and the agencies that made this possible.

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All descriptions, analyses, interpretations and conclusions are solely those of ACOSS and Jobs Australia Ltd. and cannot be attributed to these government authorities.

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# Foreword

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ACOSS and Jobs Australia Ltd. have partnered to produce this second edition of *Faces of Unemployment*. Our shared purpose in producing these reports is to delve below the official unemployment rate to explore the profile of those people locked out of paid work, the barriers they face and the enablers to support them into employment.

This edition of *Faces of Unemployment* was prepared before the COVID19 pandemic challenge that Australia and the world now face. It analyses unemployment in Australia in late 2019, including how many people were unemployed, the challenges they experienced in finding paid work, trends in employment and unemployment, and which groups in society were most affected by unemployment.

The current COVID19 crisis means that Australia is likely to experience a period of high unemployment. This report shows that reform of employment services, commitment from employers to do the best for current and prospective employees, and a higher unemployment payment will all play vital roles in keeping the unemployment rate as low as possible.

ACOSS and Jobs Australia Ltd. would like to thank all those who contributed to this report: the Australian Bureau of Statistics, the Department of Social Services and the Department of Education, Skills and Employment for the data made available to us; and the employment service providers and individuals who shared their stories with us for this report.

**Cassandra Goldie**  
CEO, ACOSS

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# Summary

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This second *Faces of Unemployment* report looks behind the headline unemployment statistics to reveal who is affected, why it's no easy matter for most people who are unemployed to secure a job, and the disturbing growth in long-term unemployment. We also look at the chances people on unemployment payments (Newstart and Youth Allowances, referred to here as NSA and YA) have of getting a job, and the help they receive from jobactive employment services.<sup>1</sup>

It is published just as the impact of the coronavirus and government policies to contain it are reaching the labour market, with hundreds of thousands of people applying for unemployment payments and economists predicting a large hike in unemployment that could last for at least six months. It's too early to assess the impact of this on unemployment, the profile of people who are unemployed, their future employment prospects, and the risk that much higher levels of long-term unemployment may become entrenched. Instead, the report provides a benchmark against which the changes ushered in by the virus and government and market responses to it can be assessed. It also serves as a reminder that before the coronavirus, there were already three quarters of a million people receiving unemployment payments, and that we must not forget them or leave them behind.

In September 2019, almost half a million people (497,250) had received NSA or YA for more than a year. They comprised almost two-thirds (64%) of all recipients, compared with 60% a decade ago (just before the GFC). Of deep concern, almost half (46%) have received unemployment payments for over two years and 20% for more than five years.<sup>2</sup>

The report examines three main reasons for entrenched unemployment:

1. As unemployment declined, and access to pension payments was closed off, the profile of people who are still out of paid work became more disadvantaged.
2. The labour market has changed so that entry-level jobs are either harder to get, offer too few paid hours, or are harder to keep.
3. Australia under-invests in employment services, putting social security compliance ahead of positive help to secure employment.

## Who receives unemployment payments?

In September 2019 there were 756,557 recipients of unemployment payments. They are largely, but not entirely, the same people as the 715,600 the Australian Bureau of Statistics classified in that month as unemployed.<sup>3</sup>

The media presents stereotypical images of people who are unemployed. The real story is that NSA and YA recipients come from diverse backgrounds and age groups:

- 41% have disabilities (as more people are diverted from Disability Support Pensions to NSA);

- 19% were under 25 years, 41% were aged 25-44, and 48% were over 45 (a growing share of people who are unemployed are older);
- 11% are sole parents, many of whom were diverted from Parenting Payment to the lower NSA under “Welfare to Work” policies;
- 12% had Aboriginal and Torres Strait Islander backgrounds; and
- 18% had culturally and linguistically diverse backgrounds.<sup>4</sup>

Most of these groups face significant barriers to employment, including disabilities, caring roles, and employer discrimination.

## **How hard is it for people who are unemployed to find jobs?**

It’s not easy for people who are unemployed to find a job.

In November 2019 there were eight people unemployed or underemployed (seeking more paid working hours) for every job vacancy. After declining from 12.2 people per vacancy in November 2014 to 7.4 in November 2018, competition for jobs has increased again. For entry-level jobs, competition is tougher, with around a third more unemployed or underemployed applicants for every job.<sup>5</sup>

That’s not the whole story, since they are also competing with existing employees changing jobs and new entrants to paid workforce including school-leavers and migrants. In 2018 the Department of Education, Skills and Employment estimated there were an average of 19 applicants in total for every advertised job.<sup>6</sup>

Following strong growth in employment from 2017 up to June 2019, there has been no substantial growth in jobs, with 12,281,000 people employed in that month compared with 12,289,000 in January 2020.

With the bushfires and coronavirus expected to detract from growth in the economy by at least 0.7% of GDP during the first quarter of 2020, and to have an extended impact in the second quarter, it is likely that unemployment will rise substantially.<sup>7</sup>

## **Entry level jobs are declining, and are increasingly part-time and casual**

A further challenge for people who are unemployed (who are twice as likely to have not completed high school than the broader labour force) is that the share of entry-level jobs is shrinking. In November 2018, 25.1% of all jobs were in the lowest two levels (labourer/sales/machinery operators and drivers), down from 27.3% in November 2007.<sup>8</sup>

Entry-level jobs are increasingly part time or casual jobs. While many people prefer shorter or flexible working hours, this makes it harder for people to transition from unemployment payments as they either have insufficient paid hours or are at risk of losing their casual job. Australia has the second-highest share of casual jobs in the OECD (25%) and third-highest share of part-time jobs

In 2017-18, among low-paid workers (those receiving less than two-thirds of the median hourly wage),

- 67% of award-reliant workers and 48% of non award-reliant workers were classified as casuals; and
- 58% of award-reliant workers and 45% of non award-reliant workers were employed part-time (with much overlap between these two groups).<sup>9</sup>

In recent years there has been very strong growth in temporary migration, especially students and backpackers, of whom 688,402 had visas with employment rights in 2019 (5.6% of the labour force). Many work in entry-level jobs while studying or travelling. Migration has an overall positive impact on diversity and living standards, but temporary migrants are vulnerable to exploitation as the 7-11 and Caltex cases demonstrated. The impact of temporary migration on pay and employment in the entry level labour force should be assessed.<sup>10</sup>

## What help do people get to find a job?

Activity requirements for people who are unemployed in Australia are among the strictest in the OECD. They must typically agree to a Job Plan, attend regular appointments with their jobactive service, look for 20 jobs each month, and for six months of each year of unemployment participate in or other activities such as part-time work, Work for the Dole, part-time study, or voluntary work.

jobactive is the government's main employment services program. In June 2019, 614,000 people were in jobactive services (1,102,000 people were in the program at some point during 2018-19), of whom 65% were unemployed long-term.<sup>11</sup>

The government spends \$1.3 billion annually on jobactive, an average of \$1,630 per participant (around \$2,200 for each person unemployed for 2 years or more).<sup>12</sup> In 2017, overall spending on employment programs for people who are unemployed was less than half the OECD average level.<sup>13</sup>

With average caseloads of 140 people, and strict unemployment payment compliance rules to administer, jobactive services must devote much of their resources to enforcing compliance with benefit requirements.<sup>14</sup> Yet the evidence shows that people unemployed long-term need much more intensive preparation for jobs, and paid work experience, mentoring and support to encourage employers to give them a chance.

## What are the outcomes?

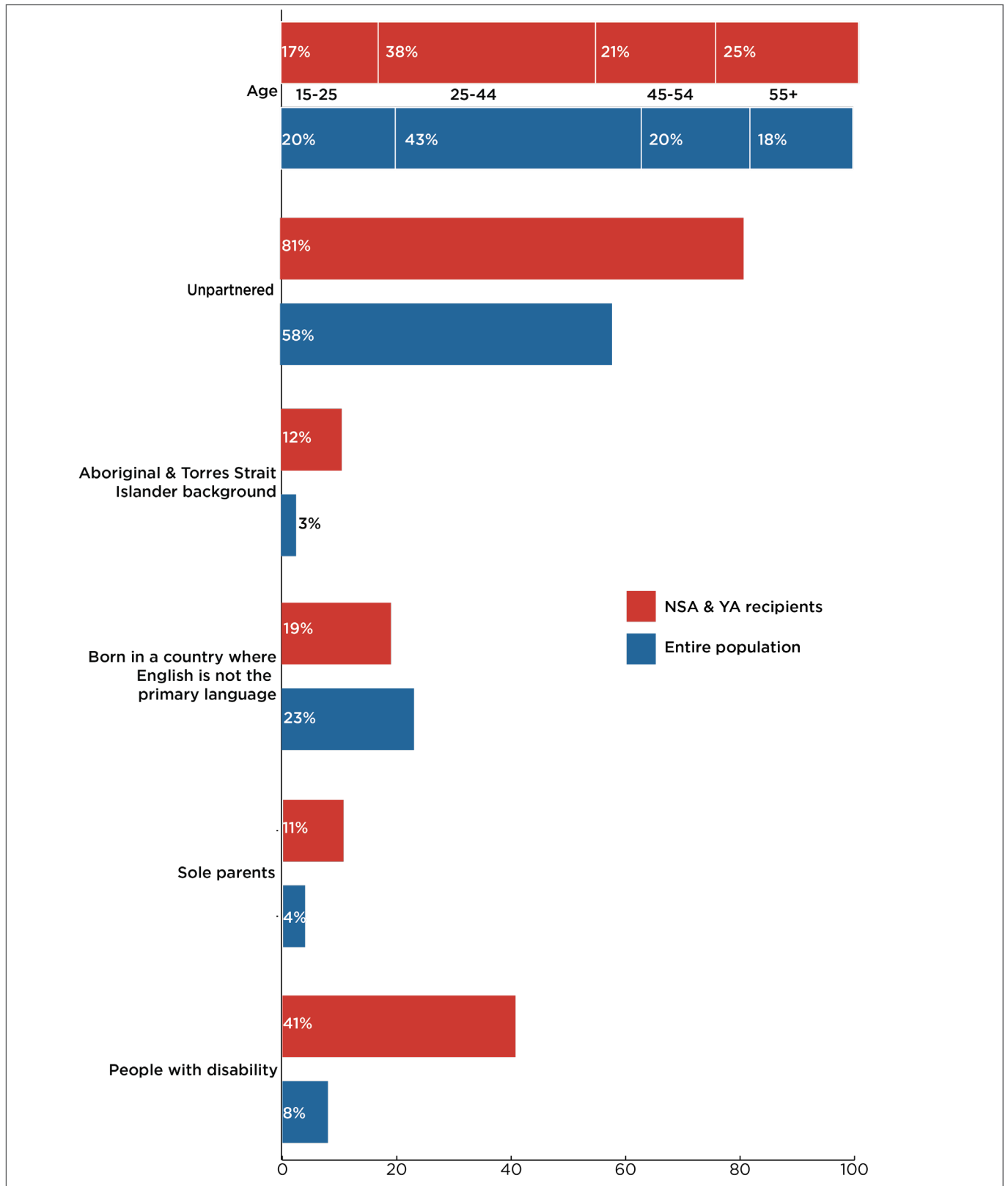
During 2018-19, among people unemployed for over 12 months, 44% were in employment 3 months after participating in jobactive, compared with 45% in 2016-17.<sup>15</sup> Consistent with the changes in entry-level jobs discussed above, 60% of these jobs were part time and 54% were casual (compared with 62% and 38% respectively in 2016-17).

In August 2019, of the 88,600 people engaged in the six months of compulsory 'annual activity' described above:

- 36% were in part-time employment (up from 26% in 2016-17);
- 22% were in vocational training (up from 17%);
- 16% were in Work for the Dole (down from 48%);



**Figure 1: Profile of NSA/YA recipients in September 2019**



Sources: Department of Social Services (2019), DSS Payment Demographic Data, September 2019; Available at <http://data.gov.au> ; Australian Bureau of Statistics (2019), Australian Demographic Statistics, June 2019

- 3% received a wage subsidy for employers to trial them for 3-6 months; and
- 1% were in voluntary work.<sup>16</sup>

In 2018, employment outcomes (the share of participants in paid employment three months later) varied among these programs, from:

- 87% after a wage subsidy;
- 34% after vocational training (compared with 36% in 2017-18);
- 24% after voluntary work (compared with 32%); and
- 25% after Work for the Dole (compared with 27%).<sup>17</sup>

To work out the impact a program has on people's employment prospects, we need to know what proportion would have obtained a job without the program. Evidence from the Department of Employment, Skills, Small and Family Business indicates that:

- Wage subsidies were relatively effective, lifting the chances of leaving income support 12 months after a job placement by an average of 14%; and
- Work for the Dole was relatively ineffective, increasing the chances of employment by an average of just 2%.<sup>18</sup>

Together with the international evidence on employment programs, this suggests a greater emphasis on wage subsidies, vocational training, and more efforts to connect with employers and shape employment assistance around their needs as well as those of people who are unemployed.

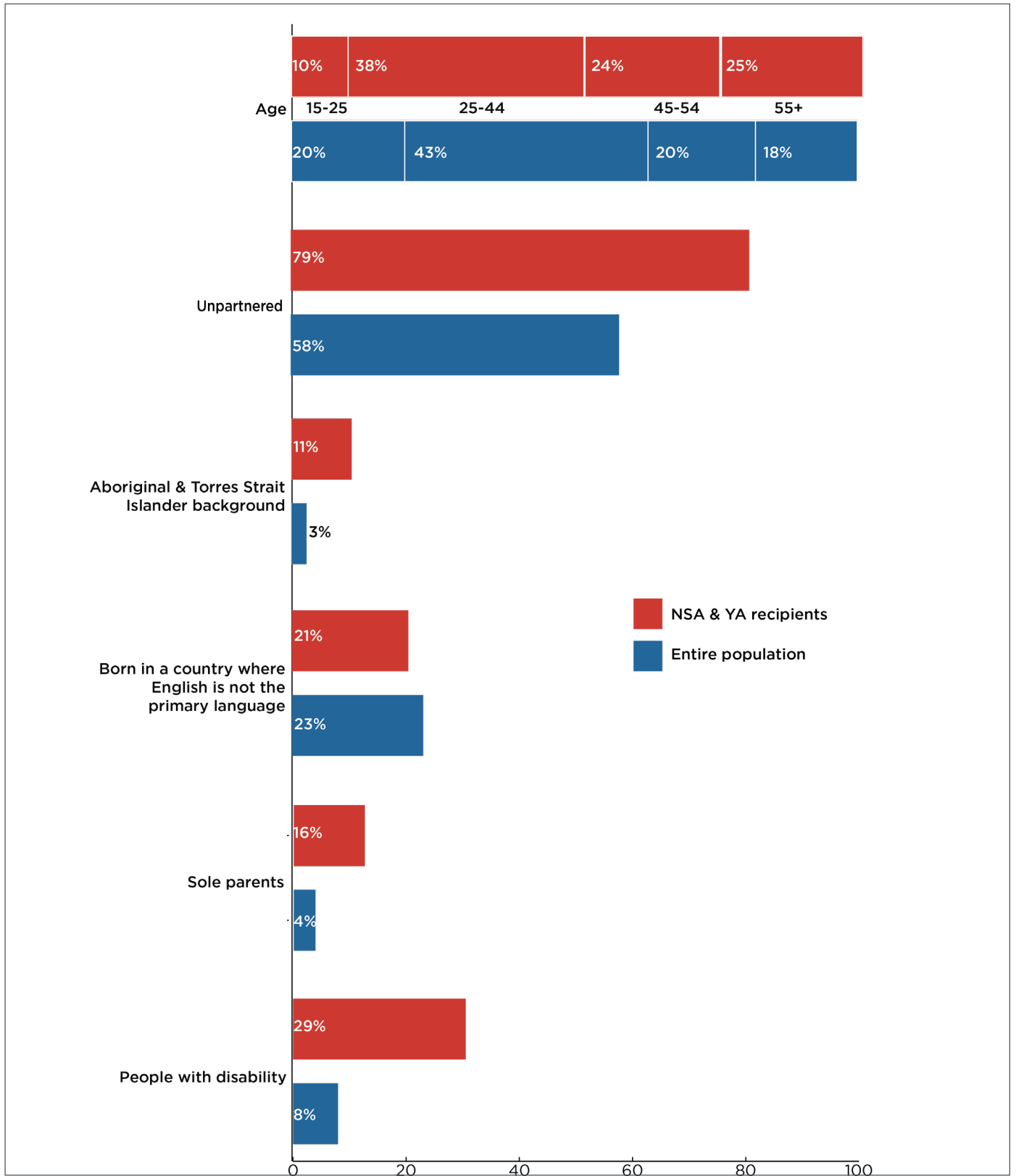
## **How to reduce poverty and prolonged unemployment**

A substantial increase in the single rate of Newstart and Youth Allowances - which has not been increased in real terms for 25 years - is long overdue, so that people can meet basic living costs and search for employment.<sup>19</sup>

In 2019, the government's Expert Panel on Future Employment Services recommended major changes to the way employment services are regulated and funded, to reduce pointless compliance and make room for more intensive assistance for people who have been unemployed for longer periods of time. The government is now trialling a new employment services model in two regions over the next two years.<sup>20</sup>

ACOSS and Jobs Australia welcomed the Panel's report and urges the government to implement its recommendations in full and in spirit.

**Figure 2: Profile of long-term NSA/YA recipients in April 2018**



Sources: Department of Human Services administrative data (DSS Blue Book dataset), produced in April 2018; Australian Bureau of Statistics (2018), Australian Demographic Statistics, December 2017

# Part 1: Who receives unemployment payments?

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## What are unemployment payments?

The main unemployment payments are Newstart Allowance or NSA (for those over 21 years of age) and Youth Allowance or YA (for young people who are unemployed, as distinct from fulltime students). As of March 20, 2020, Newstart Allowance has officially been renamed “JobSeeker Payment”, but for the purposes of this publication it will be referred to as NSA.

In September 2019, there were 756,557 people receiving NSA or YA.<sup>21</sup> There is considerable overlap between that group and the 715,600 people classified by the Australian Bureau of Statistics as unemployed in August 2019, though they are not the same group.<sup>22</sup>

NSA and YA have become the default payments for people of working age (18-64 years) with low incomes, as more people are required to seek paid work as a condition of benefit. Since 2007, a growing number of sole parents with school-age children and people with disabilities, who previously would have received pension payments (Parenting Payment or Disability Support Pension) have been placed on NSA or YA instead. Many people who are at least temporarily unable to seek employment (for example through illness) also receive these payments.<sup>23</sup>

At \$284 a week (\$231 for a young person living away from their parents) these payments are well below poverty levels.<sup>24</sup> A single adult on NSA would more than double their disposable income if they found a fulltime job at the minimum wage.<sup>25</sup> Out of the overall social security budget, just 8.4% was estimated to be spent on unemployment payments in 2018-9.<sup>26</sup>

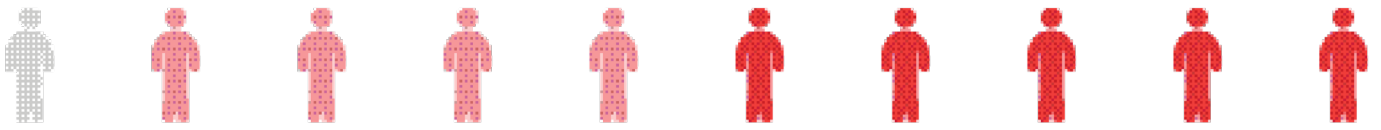
## Who receives unemployment payments? It's not who many people think

The media presents stereotypical images of people receiving these social security payments. Here we reveal the facts.

More people who are unemployed are **middle to mature aged** (41% of recipients aged 25-44 and 48% over 45) than most people think (Figure 1). Many have dependent children (11% are sole parents, while others are partnered with children).

Many find it harder to secure a job because they belong to a group that's often **discriminated against in employment**, including 12% of Aboriginal and Torres Strait Islander background, 21% from culturally and linguistically diverse backgrounds and 41% with a disability (partial work capacity – for more details see box on page 19).

# Profile of NSA/YA recipients



19%

were under 25 years

41%

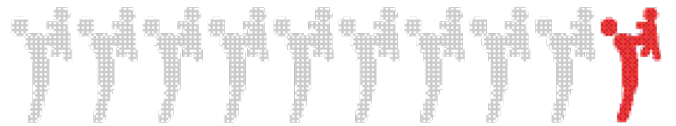
were aged 25-44

48%

were over 45 (a growing share of unemployed people are older)

11%

are sole parents, many of whom were diverted from Parenting Payment to the lower NSA under "Welfare to Work" policies



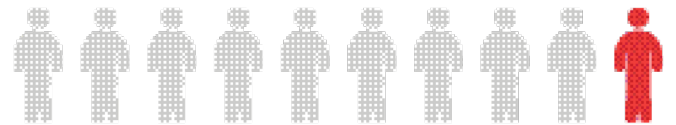
41%

have disabilities, who were diverted from the Disability Support Pension to NSA



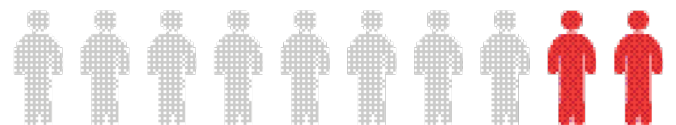
12%

were of Aboriginal and Torres Strait Islander background



19%

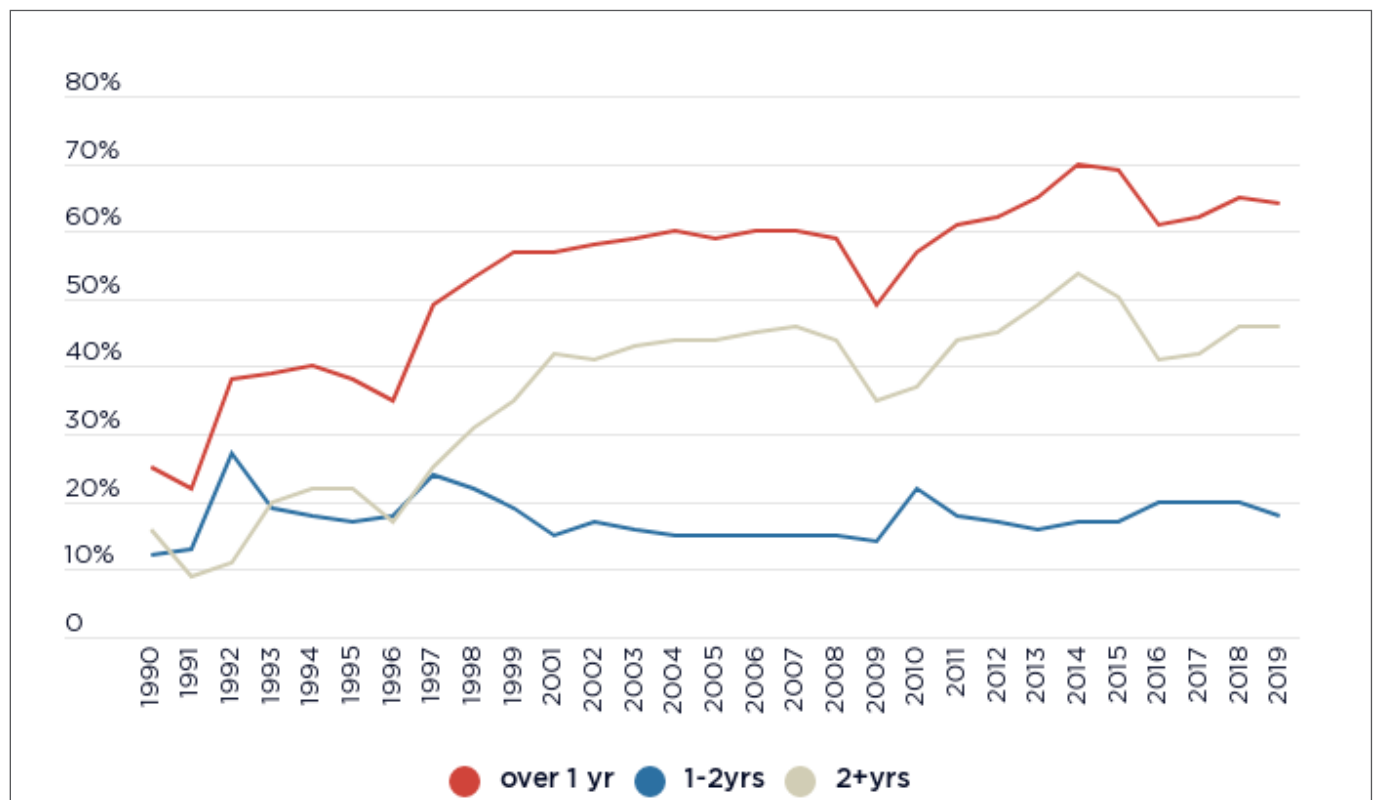
had culturally and linguistically diverse backgrounds



## More than half of people on unemployment payments are unemployed long-term

High rates of long-term unemployment are becoming entrenched. In September 2019, 497,250 people (64% of recipients) had received unemployment payments for more than a year, similar to the 62% in 2016 but well above the less than 40% rate in the early 1990s (Figure 3). Of deep concern, in September 2019, 46% had received unemployment payments for over two years and 20% for more than five years.<sup>27</sup>

**Figure 3: Trends in the share of long-term NSA/YA recipients (2007-19)**

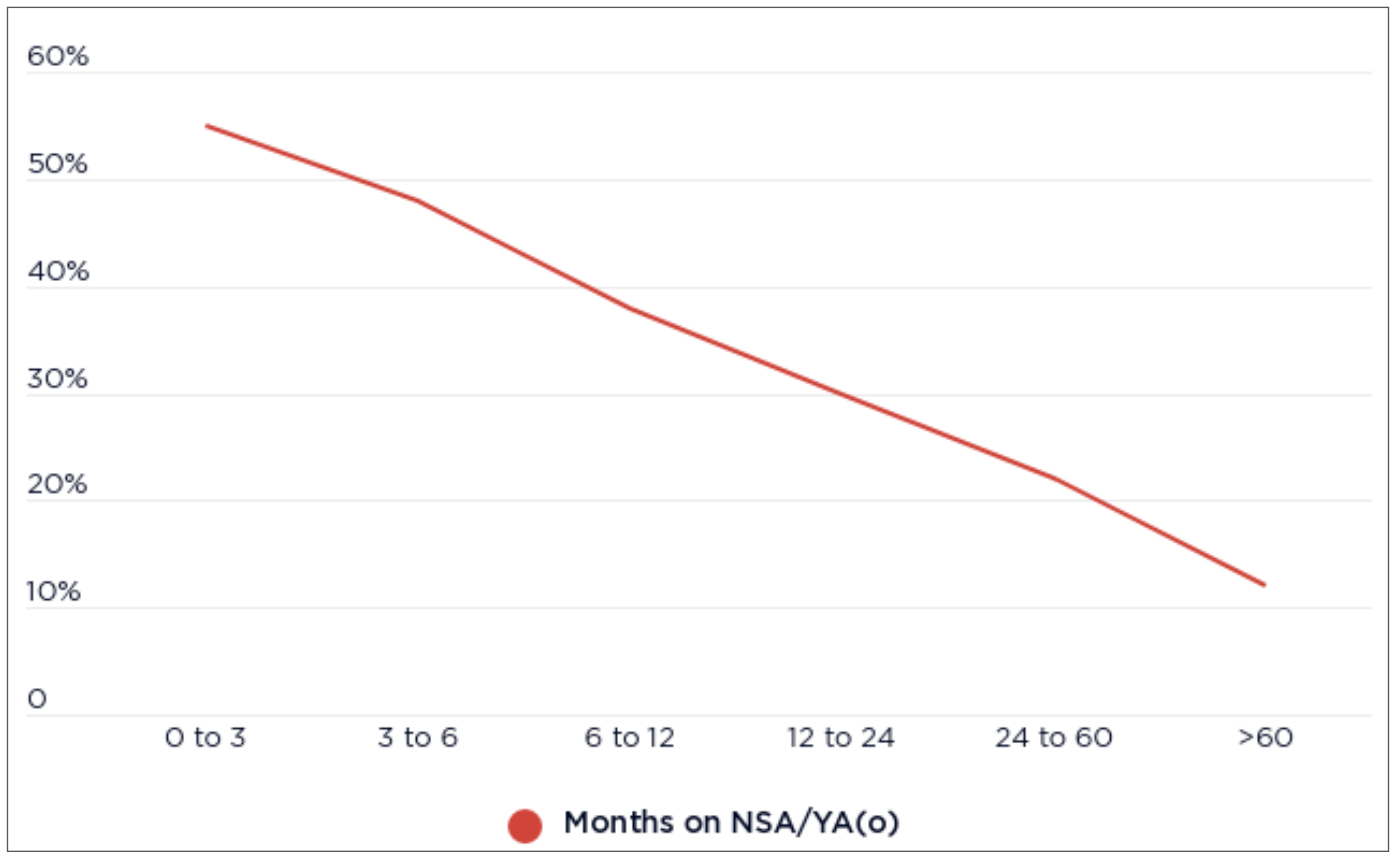


Source: Department of Social Services (various years), Statistical summary of social security payments, Department of Social Services (2019), DSS Demographics, September 2019. Available at <http://data.gov.au>

## The longer people are unemployed, the more their paid work prospects diminish

Among recipients of NSA and YA in 2015, the average probability of being off benefits 12 months later (in 2016) was just over 50% for those unemployed for less than 3 months, compared with 30% for those unemployed for 12 to 24 months, and just over 10% for those unemployed for more than 5 years<sup>28</sup> (Figure 4).

**Figure 4: The chances of leaving unemployment payments diminish over time**



Source: McGurk E (2016), Analysis of long-term unemployed income support recipients, Long-Term Unemployed Conference, Brisbane December 2016.

## Long-term unemployment has many causes

Long-term unemployment itself puts people at a disadvantage as they lack recent work experience and references, and employers often use this to screen them out of job interviews.<sup>29</sup>

The reasons for long-term unemployment are diverse. **Those affected are also more likely to belong to groups who struggle to secure paid work.** Among all long-term unemployment payment recipients in September 2017:

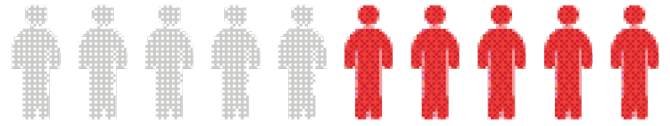
- 49% were aged over 45 years;
- 29% had disabilities;
- 16% were principal carers of children, including sole parents;
- 11% identified as being of Aboriginal and Torres Strait Islander background;
- 21% were from culturally and linguistically diverse backgrounds; and
- 29% lived outside metropolitan areas.

# Profile of long term unemployed people

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49%

were aged over 45 years



29%

had disabilities



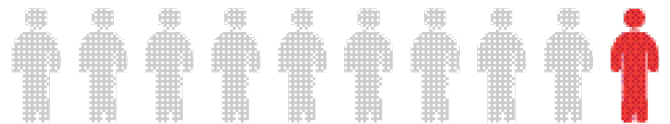
16%

were principal carers of children, including sole parents



11%

were of Aboriginal and Torres Strait Islander background



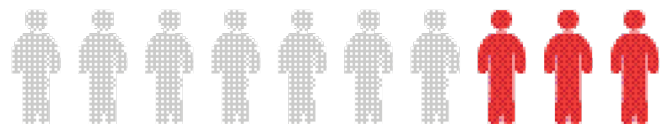
21%

were from culturally and linguistically diverse backgrounds



29%

lived outside metropolitan areas





## Australia has failed to make serious inroads into long-term unemployment for 3 main reasons

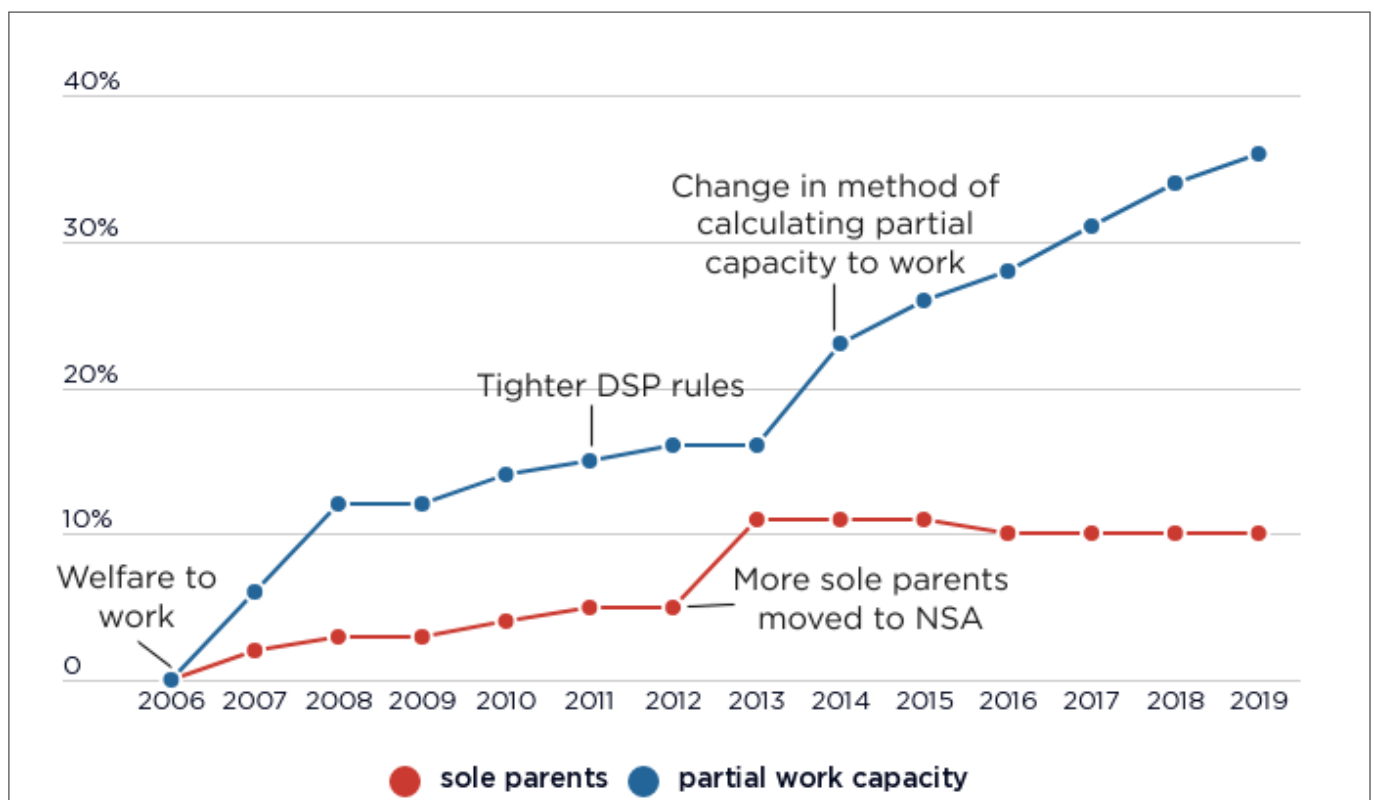
There are three main reasons Australia has been unable to reduce long-term reliance on unemployment payments.

**First**, the profile of recipients of these payments has become more disadvantaged.

One reason for this is as unemployment falls (it is much lower than it was after the recession in 1991), those who are less disadvantaged in the labour market find jobs more quickly, leaving behind the more disadvantaged groups.

Another reason, as discussed, is the growing share of unemployment payment recipients who would previously have received pension payments: people with disabilities and sole parents with school age children. The welfare 'reforms' of the mid 2000s and 2010s were designed to boost paid workforce participation, but in many cases they simply shifted people from higher to lower social security payments (Figure 5).<sup>30</sup>

**Figure 5: The percentage of recipients of NSA and YA who are sole parents or people with disabilities has risen as more were diverted from pension payments**



Source: Department of Social Services (various years), Statistical summary of social security payments; Department of Social Services (2019), DSS Demographics, September 2019 Available at <http://data.gov.au>

\*NOTE: Prior to June 2019, statistics for recipients with a partial capacity to work included only those who had a work capacity assessment completed within the last two years. Subsequent data (including data in the above graph back to 2014) include all recipients with a work capacity of under 30 hours per week, regardless of when the assessment was undertaken.

**Second**, as discussed later, Australia under-invests in employment services for people who struggle to secure paid employment.

**Third**, the labour market has changed so that jobs that were previously available to people with similar characteristics to today's recipients of unemployment payments (especially those with lower qualifications) are harder to get, and harder to keep. We turn to this issue next.



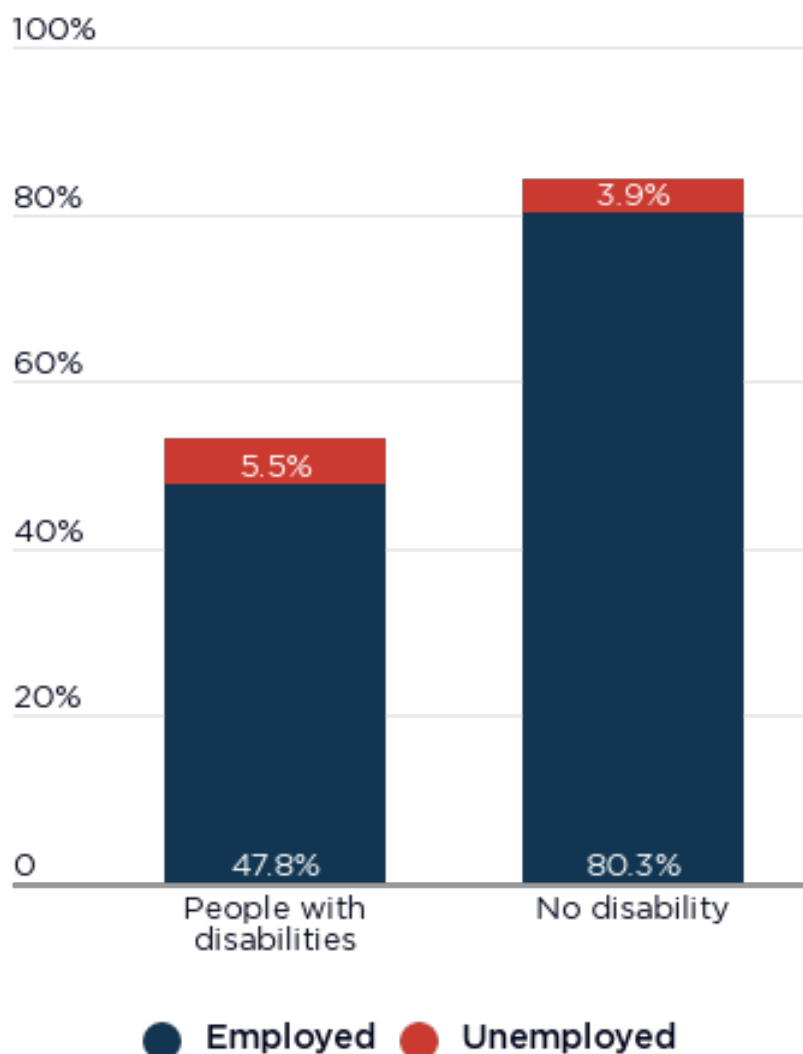
# People with disabilities: How do they fare in the labour market and social security system?

Only half (48%) of people of working age with disabilities are employed, compared with 80% of those without a disability (Figure 6).

Over the past decade and a half, more people with disabilities have moved onto NSA and YA as governments have restricted access to Disability Support Pension (DSP) (as we saw from Figure 5).

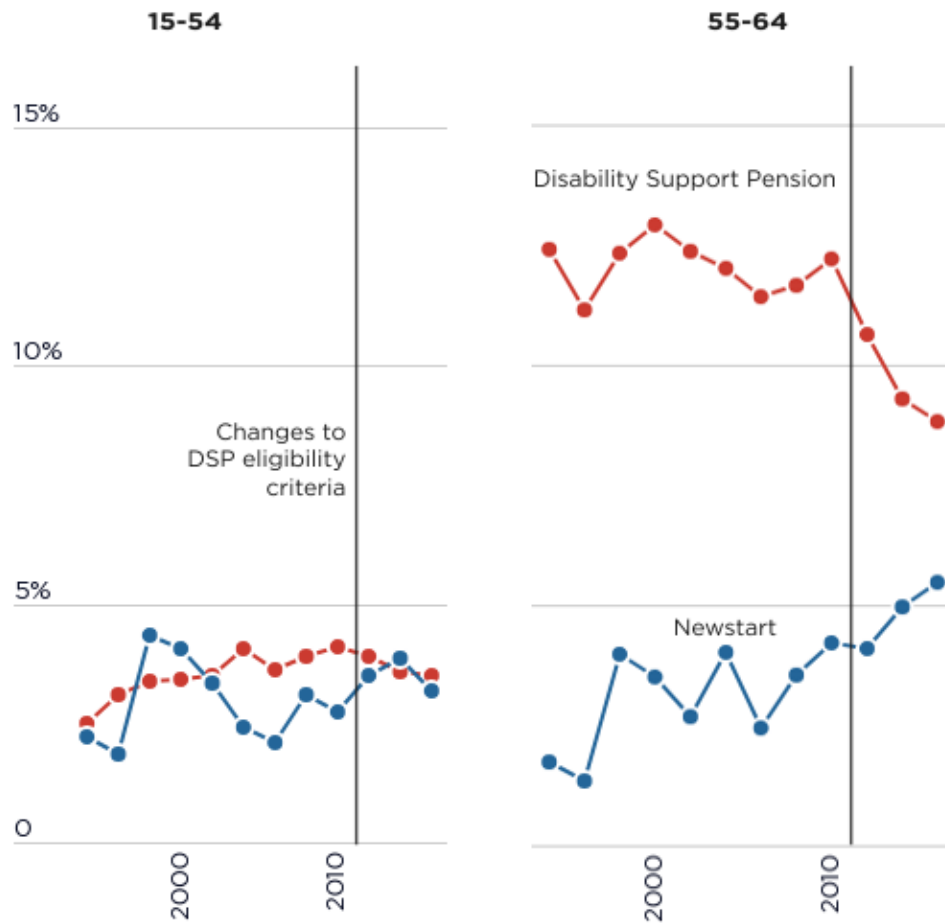
'Welfare to Work' policies introduced in 2007 diverted around 20,000 people with 'partial work capacity' (assessed capacity to undertake paid work for 15 to 30 hours a week) disabilities each year from DSP to NSA or YA. Then in 2010, stricter impairment tables and related changes made it harder to successfully claim DSP. This particularly affected older people (Figure 7).<sup>31</sup>

**Figure 6: Labour force status of people with disabilities (2018)**



Source: ABS (2018), Survey of disability, ageing and carers.

**Figure 7: Proportion of people receiving DSP and NSA, by age**



Source: Coates B & Nolan J (2020), 'Balancing act - managing the trade-offs in retirement incomes policy' Grattan Institute: Melbourne.

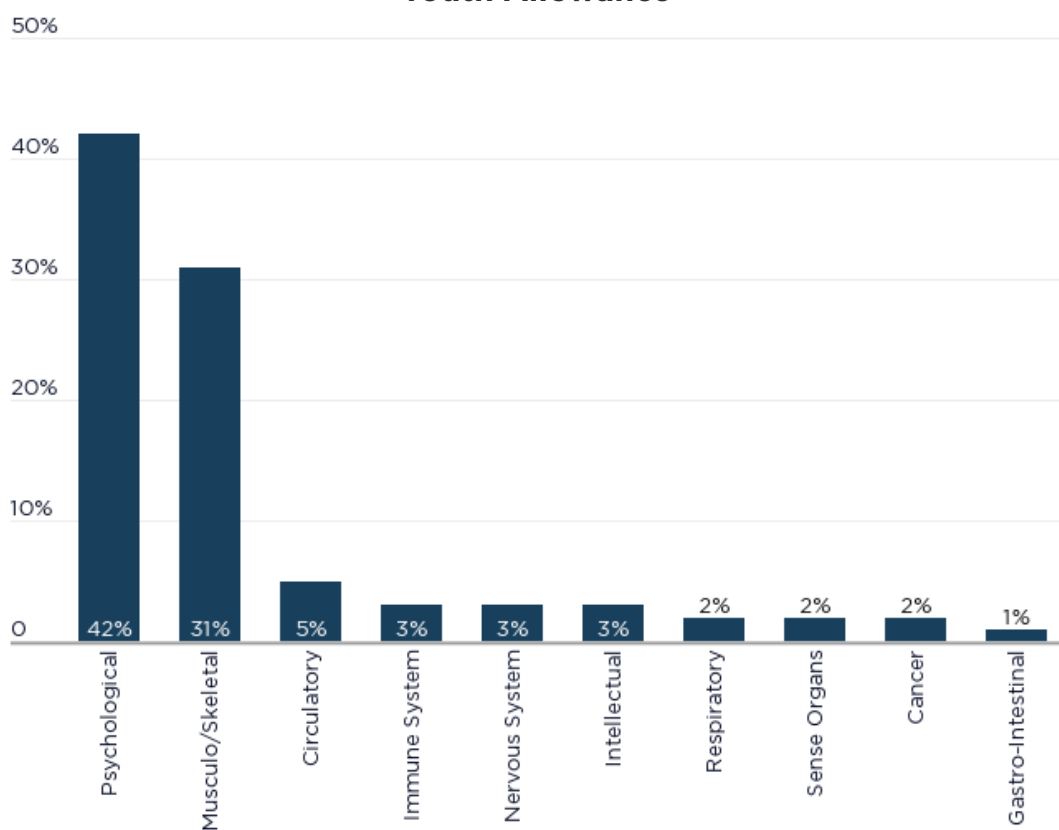
In June 2019, 307,000 people - 41% of all people on Newstart or Youth Allowance (other) - had a 'partial work capacity' (assessed as able to work less than 30 hours a week).<sup>32</sup>

This is around 100,000 higher than would have been reported by the Department of Social Services prior to 2019, following a change in the way the number of people with partial work capacity is calculated.<sup>33</sup>

Their main impairments were psychological (42%) and musculo-skeletal (31%) (Figure 8). In June 2019, 34,000 were from Aboriginal and Torres Strait Islander backgrounds.<sup>34</sup>

Apart from 53,000 people with partial work capacity who are exempt from activity requirements, most are required to join either the jobactive or Disability Employment Services (DES) program. The DES program is designed for people with more severe impairments.<sup>35</sup>

**Figure 8: Main impairments of people with partial work capacity on Newstart or Youth Allowance**



Source: Senate Community Affairs Committee (2020), Response to Estimates Question 867.

In 2018, just under a third of participants in these programs who have disabilities secured employment (Table 1). This is much less than the 49% of all jobactive participants (with and without disabilities) who were employed three months after participating in the program.<sup>36</sup>

**Table 1: Employment outcomes for people with disabilities in jobactive and DES (% in December 2018)**

Labour market status	Employed full-time	Employed part-time	Employed total	Unemployed	Not in the labour force
Disability	5.8	23.7	29.5	42.4	28.1
jobactive *	10.9	19.5	30.5	40.4	29.1

\* outcomes for job seekers in DES refers to status at December 2018; outcomes for jobactive refers to participants in the 12 months to December 2018, with outcomes measured around three months later.

Source: Department of Education, Skills and Employment (2020), Employment Services Outcomes Report (April 2018-March 2019).

Note: DES and jobactive outcomes are not strictly comparable as DES assists people with more severe disabilities, and outcomes are measured in a different way.

# Dylan's story

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Dylan\* is 28 years old and resides in Launceston. His only employment has been as an assistant within his father's small business, with the rest of his time spent completing voluntary work. Dylan lives with a learning disability which has made it a challenge to gain suitable and ongoing employment, leaving him in search of employment for the past 11 years.

Dylan enjoyed the sense of purpose that came from being employed, but when the family business closed, his journey into extreme long-term unemployment began. Since then, Dylan estimates that he has applied for over 2,000 jobs in his city, with applications often having to be made to the same employers on numerous occasions. He prefers to work outdoors, so his applications have mostly been for labouring roles found through SEEK and jobactive. Dylan has found the selection process to be very competitive in this industry and often he does not receive any feedback. Due to being unable to find employment, he has been living off the Newstart Allowance, recently rebranded as the JobSeeker Payment, which he says is not enough to live on. He noted that he is very fortunate to still be able to live with his parents, as he would find it very difficult to manage living by himself.

Dylan was transferred to CVGT Australia after spending three years with another jobactive provider and achieving no employment outcomes. After helping Dylan improve his level of self-confidence and building a trusting rapport, his CVGT jobactive career coach learnt more about his background and found that Dylan had always struggled with learning and craved more independence. The coach perceived that Dylan may be better suited to receive assistance from Disability Employment Services (DES), so organised a Wechsler Adult Intelligence Scale (WAIS) test for Dylan to provide evidence to support a DES referral. The report determined that Dylan was indeed living with a recognised learning disability, so the coach liaised with Centrelink, to organise an Employment Services Assessment (ESAt) to be undertaken to further support a DES referral. The result of the ESAt recommended a referral to DES and for the Disability Support Pension. As Dylan still wanted to work, however, a transfer from CVGT jobactive to CVGT DES was initiated.

The CVGT DES team worked closely to find an employer who would be a positive role model and provide suitable support for Dylan. An opportunity arose from a long-term business relationship between CVGT and an employer, who agreed to have Dylan take part in a work trial. After a successful trial, Dylan then received an employment offer and has commenced employment as a manufacturing labourer.

To help more extremely long-term unemployed people, like Dylan, into employment, CVGT recommends improvements to the assessment and reassessment process to ensure jobactive participants are streamed quickly into the right type and level of service. Needed improvements include increasing the availability of ESAts to reduce waiting times, and increasing the ability of jobactive providers to more quickly book job seekers previously assessed as less disadvantaged for an ESAt, as the current arrangements take a long time or sometimes not at all. Allowing providers to complete a reassessment from the first appointment, rather than waiting six months, would also allow staff to gauge and manage the need for further assessment. Together these recommendations would assist in speeding up referrals to DES and give people faster access to a program, and assistance that better meets their needs.

\*Name has been changed for privacy reasons.

# Part 2: What jobs are available to unemployed people?

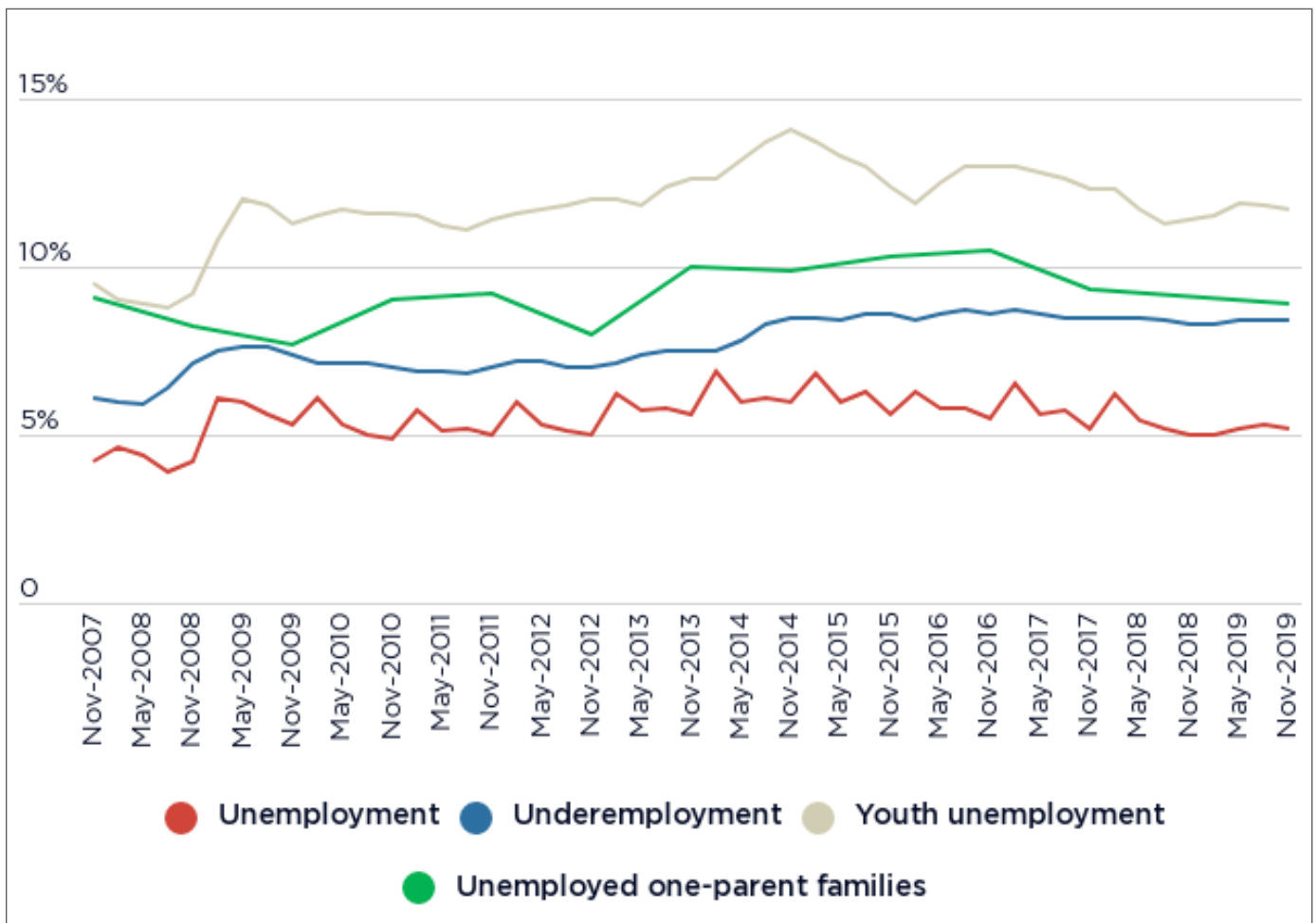
## The roller coaster ride of unemployment and underemployment

In January 2020 there were 709,600 people unemployed (5.2% of the labour force) according to the Australian Bureau of Statistics (ABS). Another 1,154,700 (8.5% of the labour force) were underemployed, that is, employed part-time and seeking more paid hours.<sup>37</sup>

Since the Global Financial Crisis (GFC) of 2008, unemployment has peaked twice (at 6.1% in February 2009 and 6.9% in February 2014), declined to 5.0% in November 2018, but recently rose to 5.2% in May 2019 and has since remained at around that level.

Another feature of this cycle of down-turn and recovery was growth in underemployment. The underemployment rate rose from 5.9% of the labour force in November 2008 to 8.5% in January 2020.

**Figure 9: Trends in unemployment, underemployment, and youth unemployment (% of labour force, 2007-19)**



Source: ABS (2020), Labour Force, Australia, Detailed, Quarterly, 6291.0.55.00

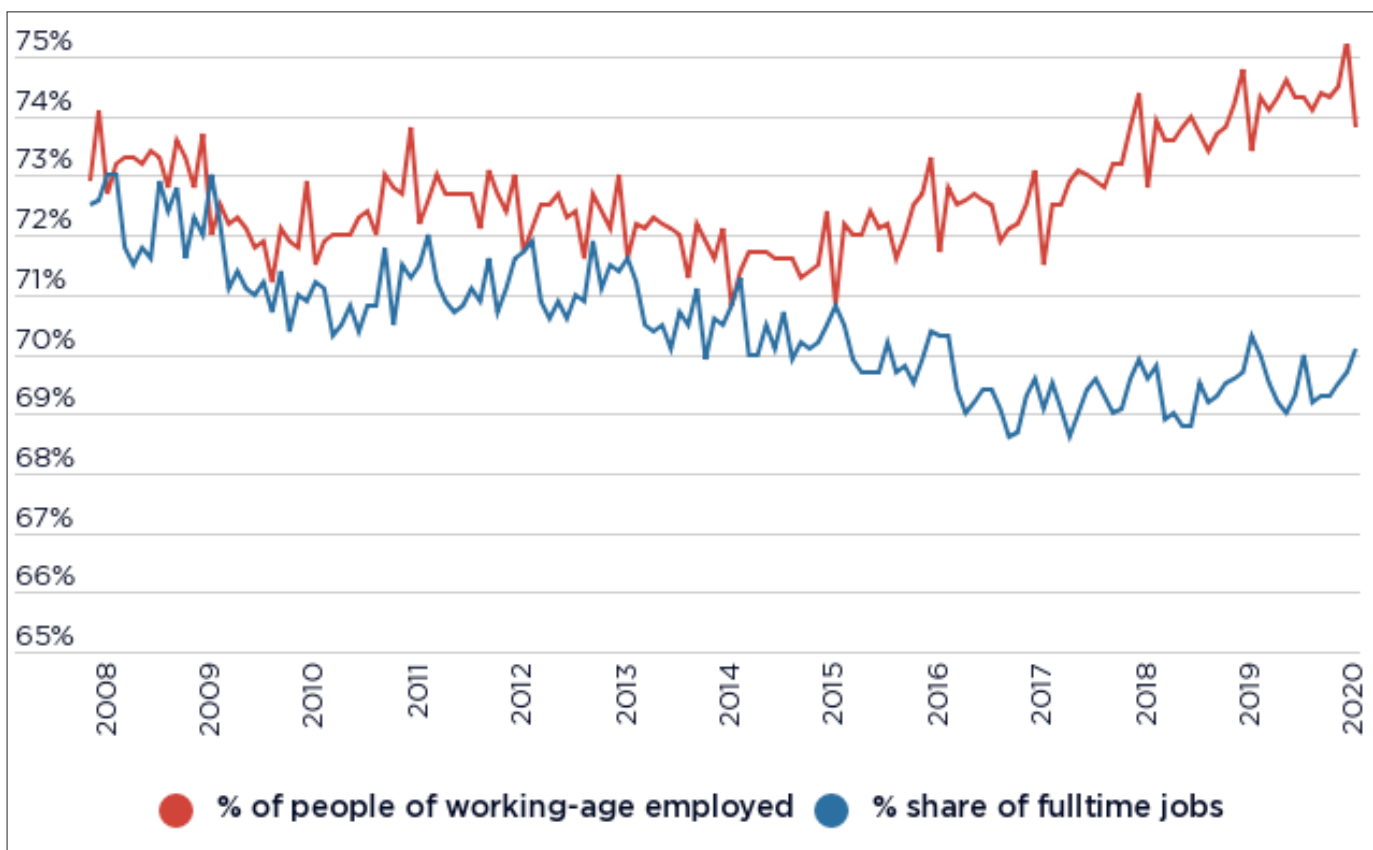
Figure 9 shows the swings and roundabouts of annual growth in unemployment, youth unemployment, and underemployment since 2007, the year before the GFC. While youth unemployment rates are usually higher than adult rates, it is clear that since the GFC, young people and sole parents have fared relatively poorly.<sup>38</sup>

## Employment growth picked up during 2017, but recently declined

In January 2020, the share of people of working age (15–64 years) in jobs (73.8 %) was slightly higher than before the GFC (72.9% in November 2007), but over the same period the full-time share of jobs fell from 72.5% to 70.1%.

Figure 10 shows that after the GFC, from 2008 to 2016, the employment rate hovered around 72% of people of working age, while the share of full-time jobs fell from 73% to 70%. Employment growth accelerated in 2017, increasing on average by 3% percent in that year. Afterwards, annual growth in employment subsided, to 1% in 2018 and 2% in 2019. The share of jobs that was fulltime was stable at around 69% to 70% over the latter period.

**Figure 10: Proportion of the working-age population (15-64 years) employed and share of full-time jobs**



Source: ABS (2020), Labour Force, Australia, Detailed, Quarterly, 6291.0.55.00

Since June 2019, there has been little growth in jobs, with 12,281,000 people employed in that month compared with 12,289,000 in January 2020.

Labour market conditions are likely to deteriorate this year as a result of the bushfires and coronavirus, which are together expected to detract from growth in the economy by at least 0.7% of GDP during the first quarter of 2020. The coronavirus is likely to



have an extended impact in the second quarter, resulting in lower employment growth and higher unemployment (unless a large number of workers leaves the paid labour force to avoid illness or quarantine themselves).<sup>39</sup>

In early 2019, the unemployment rate was close to the Reserve Bank's estimated level of 'full employment', at 5.2%.<sup>40</sup> Since then, the RBA has revised its estimate for the full employment rate downwards to 4.5%, in light of prolonged sluggishness in wage growth. Together with the impact of the coronavirus, this indicates that governments will have to do much more than offer employment services in order to get unemployment down. The recently announced 'stimulus packages' play an important role here and more will need to be done.<sup>41</sup>

Slow growth in wages (now forecast by the RBA at 2.5% in 2020) suggests that it is not as easy as the headline unemployment statistics suggest for people to find paid work, change jobs, or secure promotions.<sup>42</sup>

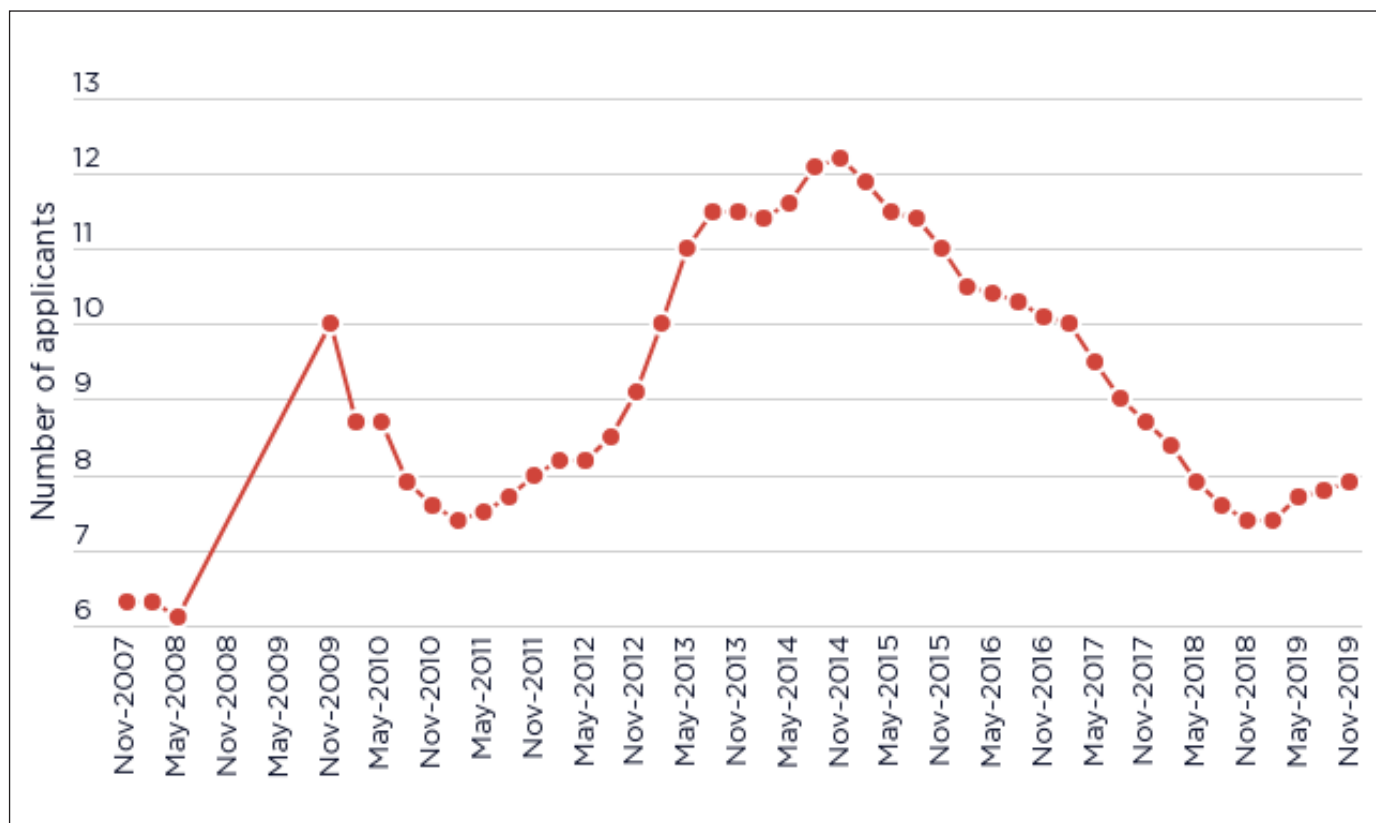
Even if more jobs are available, people who are unemployed are not the only ones searching for them, and not everyone has an equal chance of landing a job.

### **The number of people un- and underemployed chasing each job vacancy has declined since 2014, but at eight people per job, it remains higher than the pre-GFC level.**

One way to measure how easy or hard it is for people to find a job is to compare the number of people seeking employment with the number of vacancies advertised.

From November 2014 to November 2018, competition for jobs declined. The number of job vacancies increased from 1.3% to 1.9% of the labour force, while unemployment and underemployment together declined from 15.4% to 14.1% of the labour force. As a result, **the number of people unemployed and underemployed per vacancy declined, from a peak of 12.2 to 7.4.**

**Figure 11: Number of unemployed + underemployed people per job vacancy (2007-19)**



Sources: ABS, Job Vacancies, Australia, 6354.0.9; ABS, Labour Force, Australia, Detailed, Quarterly, 6291.0.55.00

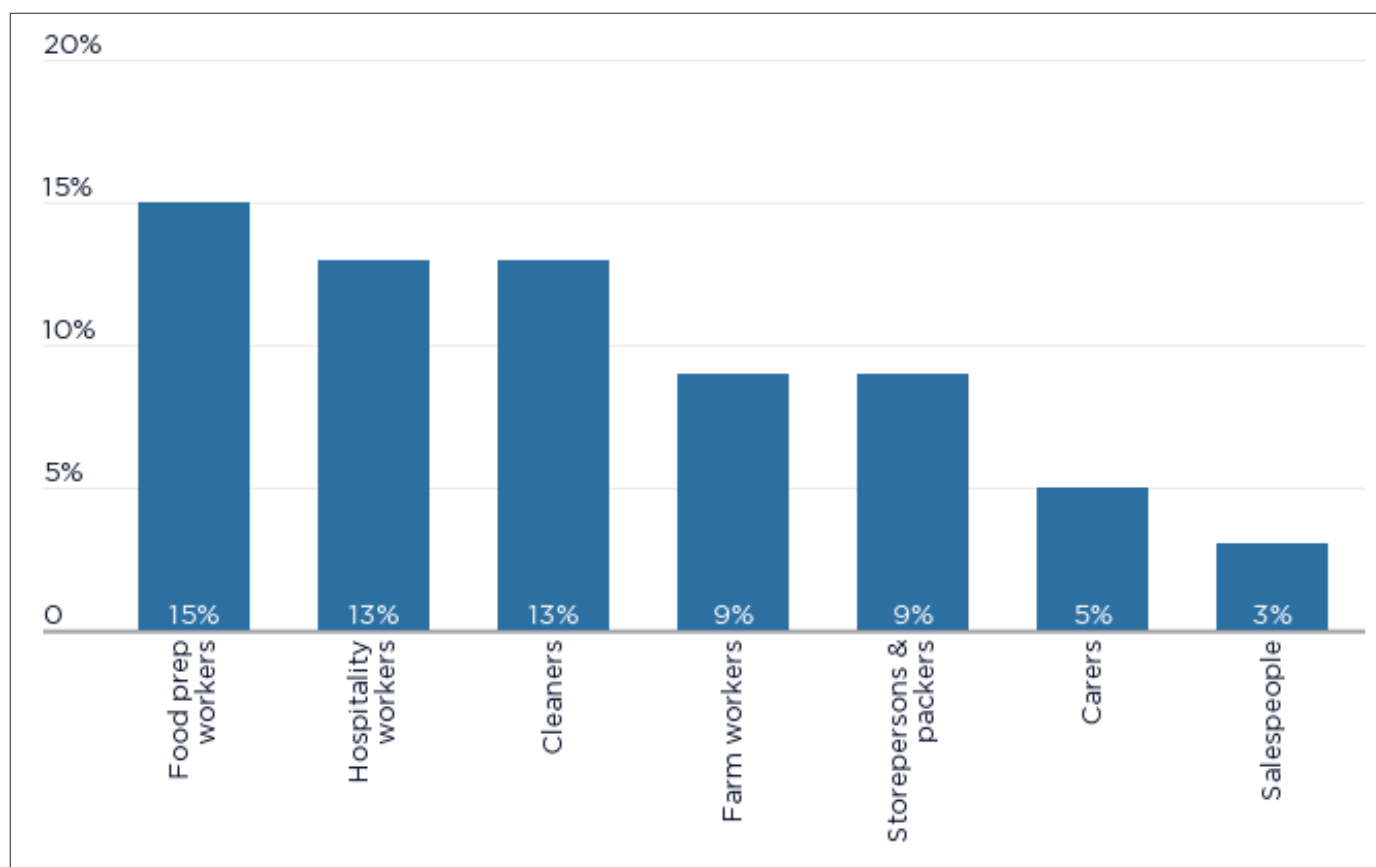
Over the past year, from November 2018 to November 2019, competition for jobs intensified. Job vacancies fell from 1.9% to 1.7% of the labour force, while unemployment and underemployment together rose from 14.1% to 14.3% of the labour force. As a result, the number of unemployed and underemployed people per vacancy rose from 7.4 to 7.9 (Figure 11).

However, that is not the whole story. There are other groups of people competing for these vacancies, including people already in paid work who want to change jobs and new entrants to the workforce such as education leavers and new migrants. Based on an employer survey, the Department of Education, Skills and Employment estimated that in 2018 there were an average of **19 applicants for every job**.<sup>43</sup>

Competition is tougher for entry-level jobs. Earlier Department of Education, Skills, and Employment research indicated that, on average, there were around one third more applicants for each entry-level job. In some occupations the number of applicants is much higher. For example, in 2015 the Department estimated that on average there were 43 applicants for every entry-level job in retail, hospitality and construction.<sup>44</sup>

Existing workers usually stand a better chance of winning a job vacancy than people who are unemployed. So it's harder for people who are unemployed to get a job than the headline unemployment and job vacancy figures suggest.<sup>45</sup>

**Figure 12: Proportion of jobs in entry-level occupations filled by student visa holders and back-packers (2016)**



Source: Birrell B & McCloskey D (2019), Australia's 'jobs and growth' strategy: pathway to a low productivity economy. Australian Population Research Institute, Research Report.

Another factor to consider is growth in the number of new entrants to the paid workforce, such as school leavers and migrants. Recent years have seen very strong growth in temporary migration, especially among international students and working holiday-makers (backpackers), who typically work in entry-level jobs in industries such as hospitality, retail and agriculture. Over the decade of the 2000s, growth in these visa-holders (most of whom are young) comprised half the overall growth in the youth labour force.<sup>46</sup> In June 2019, there were 688,402 international students and working holiday-makers in Australia.<sup>47</sup> Census data from 2016 indicates that a significant share of jobs in many entry-level occupations were filled by temporary migrants (Figure 12).

On the whole, new migrants contribute positively to growth in living standards and the diversity of the Australian community, and have little impact (positive or negative) on employment and wages among the resident population.<sup>48</sup> However, when the Productivity Commission examined this issue in 2016 it was unable to draw firm conclusions on the specific impact of temporary migration on the availability of jobs or rates of pay in entry-level jobs. In the wake of the 7:Eleven and Caltex scandals, concerns were raised about the under-payment of temporary visa holders and their vulnerability to exploitation.<sup>49</sup> It is likely that such strong growth in the entry-level labour force has had an impact on pay and employment opportunities in that segment of the labour market, and this should be properly evaluated.

## What kinds of jobs are available? The options are narrowing for people with low qualifications

*People who are unemployed have lower qualifications than the broader workforce.*

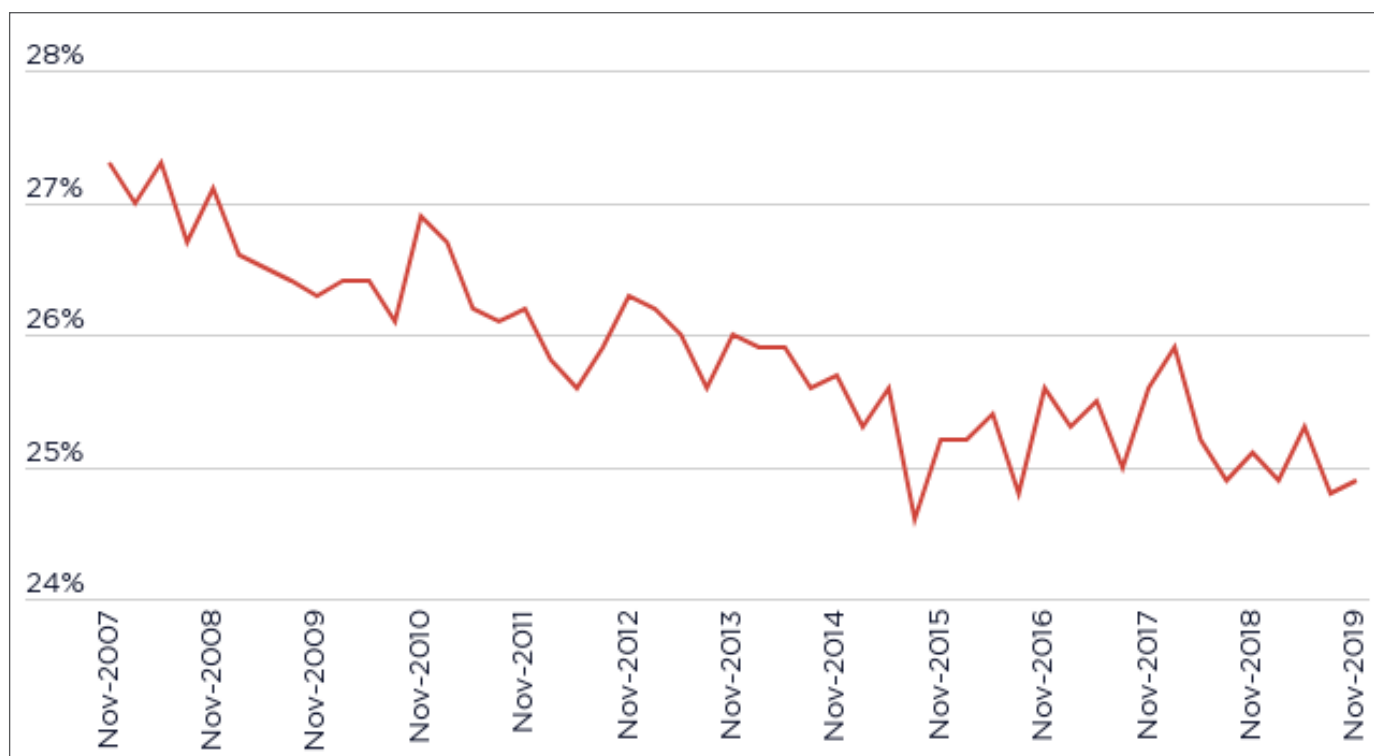
People who are unemployed are twice as likely to have not completed high school as the broader labour force. Among people who are unemployed in November 2019, 34% had less than Year 12 qualifications, compared with 14% of the overall labour force.<sup>50</sup>

*The share of entry-level jobs is shrinking:*

People who left school early and lack post-school qualifications are falling behind in the race for jobs.

In November 2019, 24.9% of all jobs were in the lowest three skill levels (labourer/sales/machinery operators and drivers), up from 24.8% the previous month but down from 27.3% in November 2007 (Figure 13).<sup>51</sup>

**Figure 13: Share of jobs in the lowest three skill levels (2007 - 2019)**



Source: Dept. of Jobs & Small Business (2018), Australian jobs 2019.

Note: Lowest skill levels are the lowest three skill levels (labourer/sales/machinery operators and drivers), according to the Australian Standard Classification of Occupations (ASCO).

The share of entry-level jobs is expected to **shrink further in future**. Projections of future growth in jobs by skill level from Shah and Dixon indicate that from 2017 to 2024, the share of sales jobs is expected to fall from 9.4% of all jobs to 8.9%, for machinery operators and drivers from 6.4% to 6.2%, and for labourers from 9.5% to 9.3%.<sup>52</sup>

### *Entry-level jobs are more likely to be part and/or casual positions*

Australia has the fourth-highest rate of part-time employment in the OECD.<sup>53</sup> In January 2020, 29.9% of all jobs were part time (30.2% of jobs held by men and 69.8% by women). Part-time employment is concentrated among younger and older workers. In January 2020, 54% of all jobs for young people (aged between 15 and 24 years) were part-time compared with 24% for those aged 25 to 44 and 28% for those aged 45 to 64 years.<sup>54</sup>

Many people prefer part-time jobs so that they can combine paid work with care or study. However, one third of part-time workers want more paid hours.<sup>55</sup> Among part-time workers, men, blue-collar workers, migrants, people in entry-level occupations, casual workers, and people who were previously unemployed are more likely to be underemployed.<sup>56</sup>

Similarly, Australia had the second highest rate of casual employment (daily hire) in the OECD at 25% in 2016 (27% of female employees and 23% of males).<sup>57</sup> A significant feature of casual employment in Australia (unlike most countries) is the pay 'loading' (often 25%) to compensate for lack of leave entitlements. Of all casual employees, 42% are married, 19% are dependent students living with their parents, and 15% are living alone or sharing housing outside the family.<sup>58</sup>

Most casual employees are entry-level workers who have been in the same job for over a year.<sup>59</sup>

While part time and casual jobs suit many people, they often fail to lift people off income support in a sustained way.

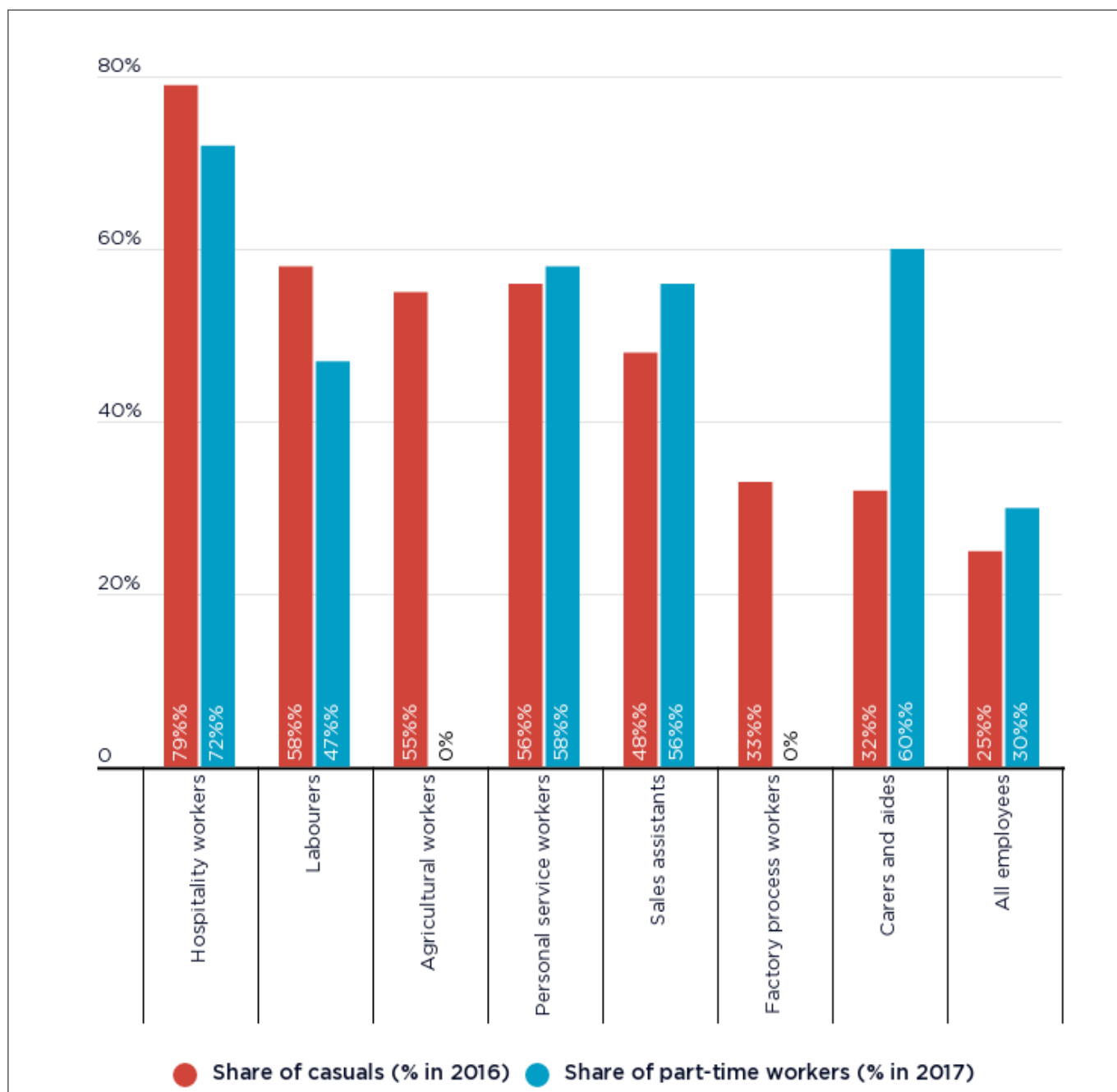
A major reason for the high incidence of part-time and casual jobs for people who are unemployed is long-term changes in the structure of entry-level jobs, as employers have divided such jobs into smaller parcels of work offered on a part-time basis when needed. This is common practice, for example, in supermarkets.<sup>60</sup>

In 2017-18, among low-paid workers (those receiving less than two-thirds of the median hourly wage),

- 67% of award-reliant workers and 48% of non award-reliant workers were classified as casuals,
- 58% of award-reliant workers and 45% of non award-reliant workers were employed part-time (with much overlap between these two groups).<sup>61</sup>

Figure 14 shows that the share of casual jobs is much higher than average among entry-level occupations, including hospitality workers (79%), labourers (58%), farm workers (55%), cleaners (45%), sales assistants (48%) and factory process workers (33%).<sup>62</sup>

**Figure 14: Share of casual and part-time jobs in entry-level occupations (2016 and 2017)**



Sources: ABS (2017), Characteristics of employment; Dept. of Jobs & Small Business (2018), Australian jobs 2018

Note: Many jobs are both casual and part-time.

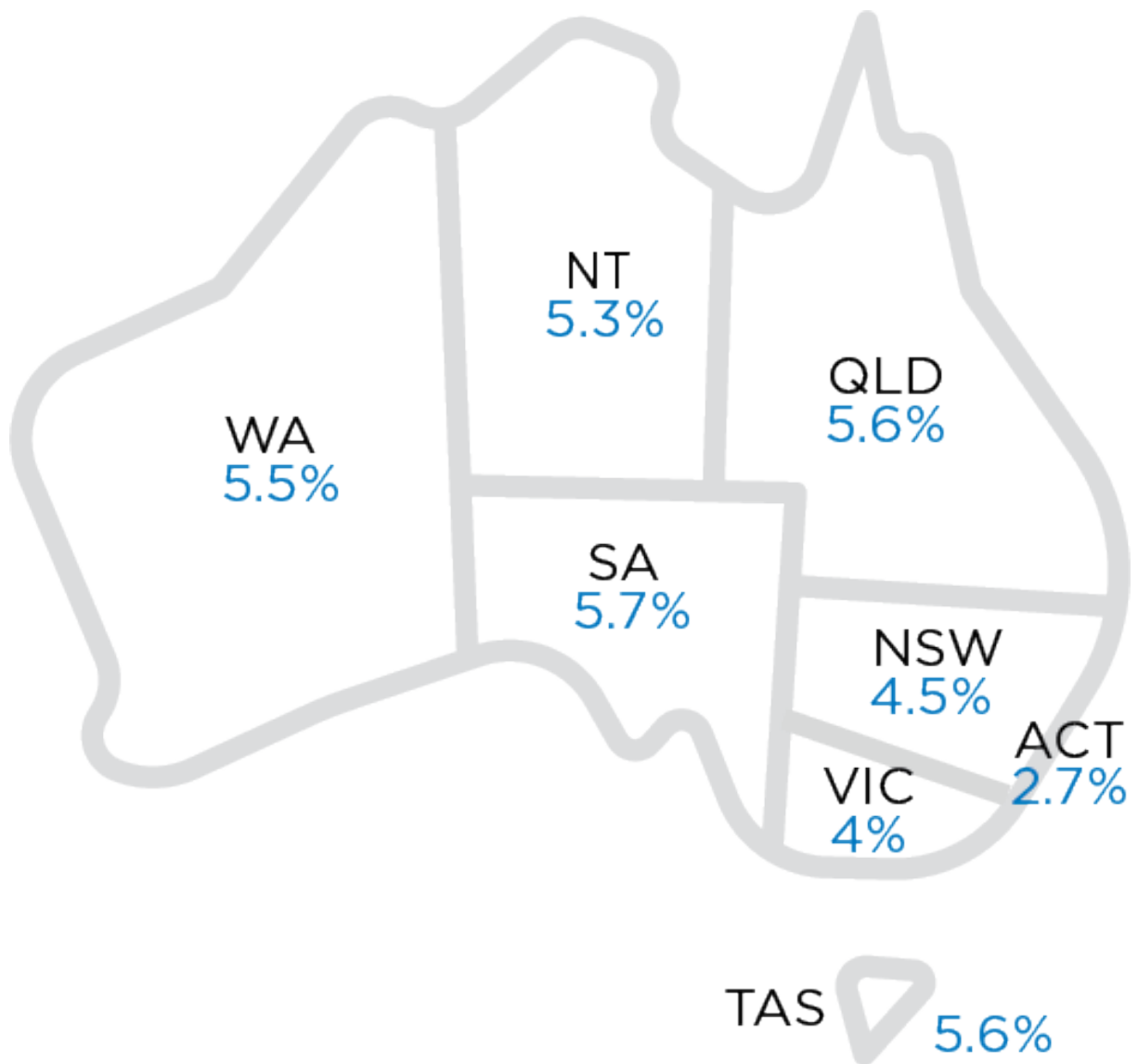
*Entry-level workers are more likely to be underemployed*

People who are unemployed receiving Newstart and Youth Allowances are more likely to obtain part-time or casual jobs than full-time permanent jobs. During 2018-19, 49% of people who participated in jobactive employment services obtained employment (on average) three months later. Of those who found jobs, 53% obtained part-time work and 54% obtained casual jobs.<sup>63</sup> Among those with part-time jobs, 61% were underemployed (still seeking more paid hours). Approximately half of those who obtained employment were still in employment and off income support six months later.<sup>64</sup>

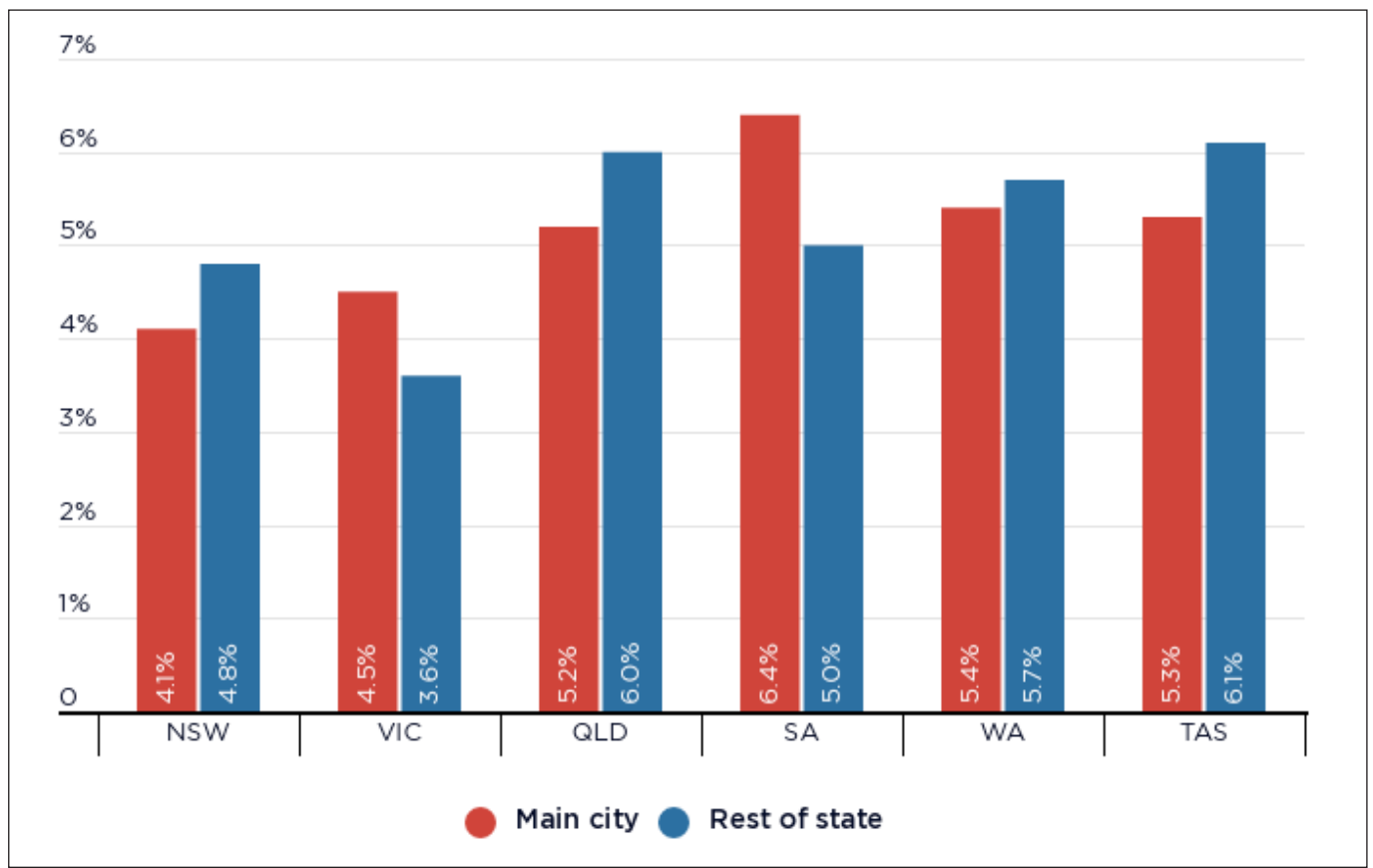
## People’s chances of landing a job also depend on where they live.

The employment situation varies between states, territories and regions (Figure 15). South Australia (5.7%) and Queensland/Tasmania (5.6%) had the highest unemployment rates in November 2019; and Victoria (4%) and the ACT (2.7%) had the lowest. Unemployment rates vary between capital cities and non-metropolitan/regional areas. For example, it is higher in regional areas in Tasmania (6.1% compared with 5.3%) but lower in regional areas in South Australia (5.0% compared with 6.4%) (Figure 16).

**Figure 15: Unemployment by State/Territory (January 2020)**



**Figure 16: Unemployment by main city and rest of state (January 2020)**



Note: Data for NT & ACT not available

Source: ABS (2020), Labour Force, Australia, Detailed, Quarterly, 6291.0.55.00



## Connie's story

Connie\* is aged 53 and lives in a village of around 200 people, in northern NSW.

She has been in the jobactive program for the past four and a half years. Prior to becoming unemployed, Connie worked as an unpaid carer for her children. She has not been able to find paid employment since she entered the workforce.

Connie finds it very difficult to get by living on NSA.

"There are some weeks where I can't pay any bills. After paying the basics like electricity, rates and solar I don't have any spending money.

"I buy my clothes from second hand stores like Vinnies, clothes are otherwise much too expensive. I just have enough to pay for very basic living expenses.

"I wish I had a job, it's really hard financially and I also get bored."

Connie has limited access to transport. She has never held a drivers licence, and relies on public transport to travel 35km to the nearest large town. The bus only operates during the school term, limiting her ability to travel throughout the year.

Connie's jobactive provider, BEST Employment, has assisted her to improve her opportunities for employment through training and upskilling. Connie attended a Retail Foundation Course run by BEST Employment's Disability Employment Services, who also paid for her transport costs to ensure she was able to attend. Connie enjoyed the course and was fully supported by the facilitators.

Connie has also undertaken voluntary work with a number of organisations in Narrabri.

She is currently undertaking an online Certificate III in Retail as an alternative to Work for the Dole, and attends BEST Employment in Narrabri each week to use a computer to undertake the course. She is intensively supported by her case manager and other staff to ensure she is able to meet the requirements of the course.

"I do courses to try and get more qualifications. I would like to complete the White Card, RSA and RCG.

"BEST Employment help keep me motivated and tell me not to give up. They help me understand my course. Hopefully I can get work once the course is finished."

Connie regularly applies for jobs, without success. She applied for five positions last month, and has dropped her resume to almost every store in town in the past few months.

"I go to shops and give them my resume, I do this in the [nearby town] as there are no shops in [my village] other than a pub.

"I would give anything a go that I was able to do. I just can't do desk work - I can't do paperwork and fill out forms."



Connie just wants to be given a fair go. "I am unemployed because I have never been given the opportunity to actually work."

When asked to describe her dream job, Connie says "I want to do anything, just a job, any job. I think working as a bar attendant would be great. There is a pub where I live, I could get work there one day maybe."

\*Name has been changed for privacy reasons.



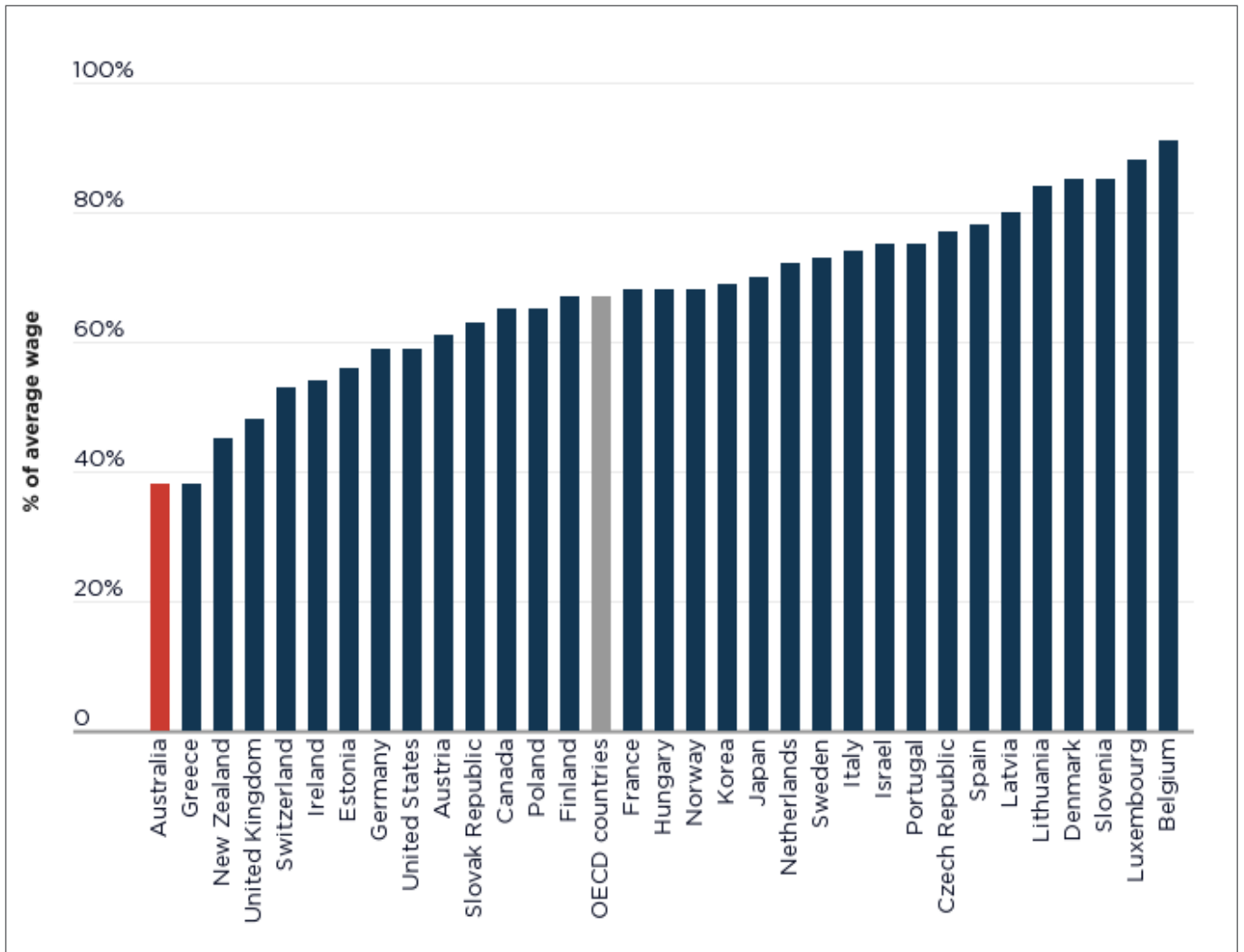
# Part 3: What help do they get from government?

## Are unemployment payments enough to live on and search for jobs?

People who are unemployed and live in a low-income household receive two main unemployment benefits: NSA and YA (unemployed).<sup>65</sup> In January 2020, the maximum rate for a single adult was \$284 per week including Energy Supplement.<sup>66</sup>

Prior to the Government’s Coronavirus income support packages announced in March 2020, our unemployment payments were the lowest in the OECD, at least for individuals who recently became unemployed (Figure 17).

**Figure 17: Australia has the lowest unemployment payments in the OECD (payments as a % of average fulltime wages for a single person without children in 2017)**



Source: OECD Benefits and wages data base, [www.oecd.org/els/benefits-and-wages-statistics.htm](http://www.oecd.org/els/benefits-and-wages-statistics.htm)

Note: For a single person without children, 1 month unemployed, was receiving 2/3 of average wage, includes Rent Assistance and income tax.

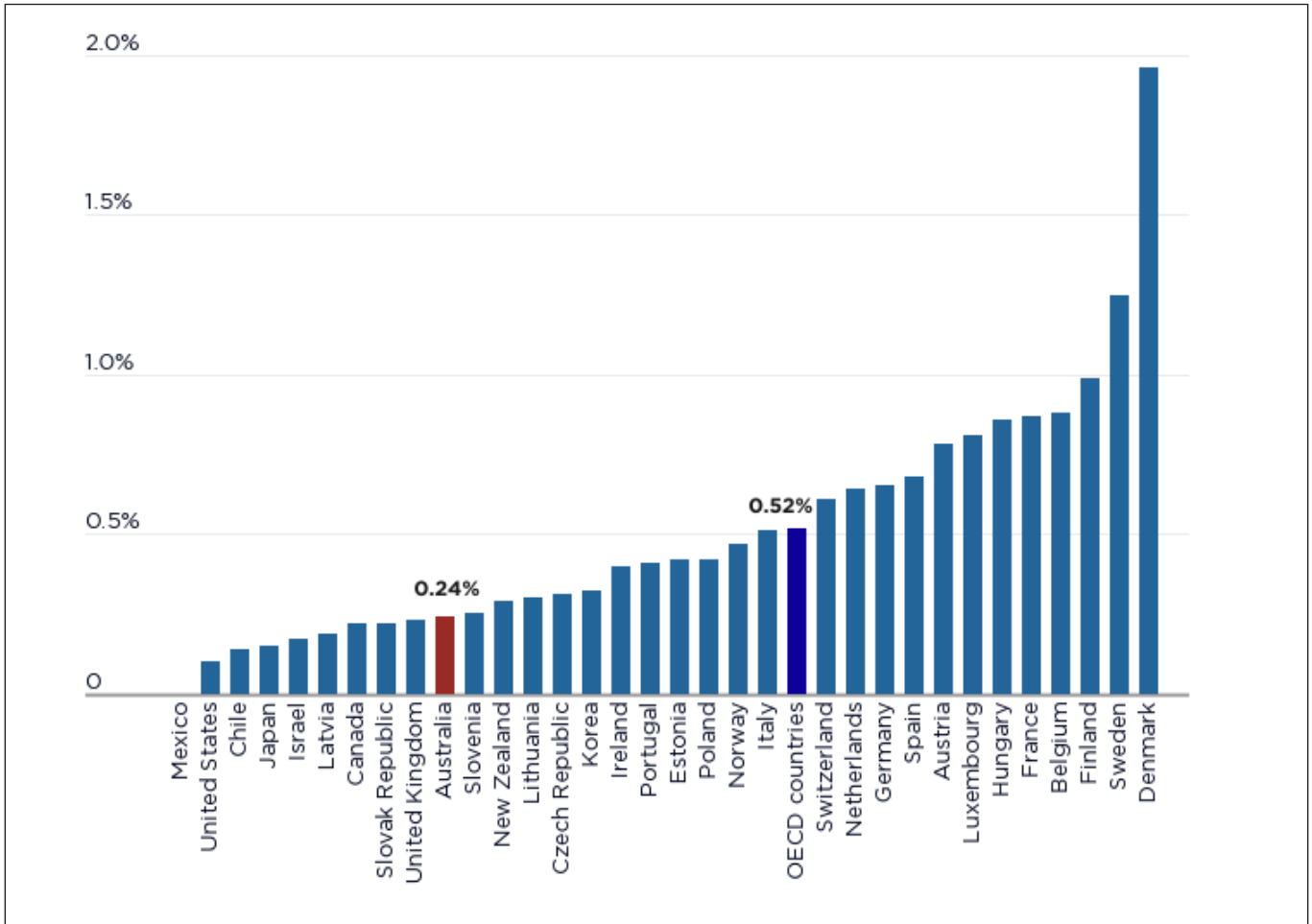
Research by the Social Policy Research Centre estimates that the average minimum cost of basic essentials in Australia in 2016 for a single unemployed person was \$433 per week, which was \$96 per week more than Newstart Allowance plus Rent Assistance for a single adult.<sup>67</sup> It is not possible for people who are unemployed to meet basic living expenses and the extra costs for job search (such as transport fares, phone calls, appropriate clothing, and internet subscriptions) on unemployment payments.

## **What is *jobactive*, and how do Australian employment services compare internationally?**

Jobactive is the government's main employment service for people who are unemployed. It comprises a network of 42 for profit and not for profit service providers across Australia.<sup>68</sup> They are funded by the Department of Education, Skills and Employment to provide employment counselling, job referrals, and training and work experience opportunities for people who are unemployed. Service providers are paid by the Department according to the number of people they assist, how disadvantaged they are in the labour market, and whether they obtain jobs lasting at least 3 months (with extra payments if the job lasts 6 or 12 months). They also have access to a modest Employment Fund to invest in help to overcome barriers to employment (such as short training courses and help with travel costs).<sup>69</sup>

The government spends \$1.3 billion annually on jobactive services, an average of \$1,630 per participant (around \$2,200 for each person unemployed for 2 years or more).<sup>70</sup> In 2017, overall spending on employment services and programs for people who are unemployed in Australia (at 0.24% of GDP) was less than half the OECD average level (0.52%), and the tenth-lowest of 30 OECD countries (Figure 18).<sup>71</sup>

**Figure 18: Australia spends less than half the OECD average on employment assistance (2017)**



Source: OECD Social expenditure data base

### What are people who are unemployed required to do to receive benefits?

Activity requirements for people who are unemployed in Australia are among the strictest in the OECD.<sup>72</sup> They must typically agree to a Job Plan, attend regular appointments with their jobactive service, apply for 20 jobs each month, and for six months of each year of unemployment participate in Work for the Dole (working for their benefits for 15 to 25 hours a week) or other compulsory activities such as part-time work, part-time study, voluntary work, or a wage subsidy scheme.

If they do not fully comply, their benefits can be suspended, and if they repeatedly miss employment service appointments or breach other requirements, they may lose four weeks' payments.

### Who receives jobactive services?

In June 2019, 614,000 people were in jobactive services (1,102,000 people were in the program at some point during 2018-19), of whom 65% were unemployed long-term.<sup>73</sup> Most participants in jobactive received NSA or YA.

## John's story

“Don't be ashamed to ask for help” – that's the advice from 55 year old John\*, who has completely changed his life around after two years of unemployment and a struggle with depression.

A plant/diesel mechanic by trade, John had a strong work history, but following a relationship breakdown and the death of his father, he found himself sinking into a negative state of mind.

“I was a bit down and out, not looking forward to things. I didn't want to do anything for a while”

Moving from Sydney to Coffs Harbour, John signed up to Centrelink for support and was connected to Disability Employment Service (DES) Provider ETC.

“ETC helped me to get my confidence and self-esteem back. I worked together with Dana at ETC to outline what my goals were, what I wanted to do, what was achievable and what wasn't. They put me through some courses, helped me with my Resume and even continued to support me after I got my job – with work clothes, boots and tools,” John said.

After seeing a job through a friend for a Diesel Mechanic position with All Diesel, John quickly applied.

“Feeling confident, I explained what I could do and how I could help them. I was signed up for a three month trial, but was offered a full time job only two months in,” he said.

“It's good to be part of a team again and it's nice to have a good bunch of blokes around me – we have fun.”

The Managing Director of All Diesel said that John had been a good fit for their business.

“John's knowledge is pretty wide. He has skills in fabrication, he can weld, has good mechanical skills with broad experience, so it's really working out well for us,” Mr Buck said.

His ETC DES Team Leader is proud of how far John has come.

“The biggest difference that we've seen with John since he commenced with our services is his confidence. Initially he would call us because he wanted to hear a friendly voice, and now when we call him – he is the friendly voice. It's beautiful to see how employment really has made a positive impact on his life”

“John has also just reached his one year anniversary with All Diesel, which is a wonderful achievement. At ETC, we are all celebrating for him.”

John said his life had changed completely since re-entering the workforce.



“I’m renting my own place now, I’m saving money, paying my bills. My self-confidence is back and I’m rocking it again,” he said.

“My goals for the future are to have a good career here and go further. Get my own house, buy my own place. Looking to buy a new car next year. Just onward and upward.”

John shares his advice for others: “Try your best, smile and be confident. Anything’s possible if you want it bad enough. You can’t do it on your own. Now I’m a bit older, it’s made me realise that you shouldn’t be ashamed to ask for help – and there’s plenty of people out there willing to oblige.”

\*Name has been changed for privacy reasons.

## **What help do people unemployed long-term get, and what are their employment outcomes?**

The main service provided in most cases is interviews with employment consultants. Since providers have a dual role - to provide support to find a job and manage compliance with mutual obligation requirements - these interviews deal with both..

Generally, they are interviewed every few months by their jobactive provider to check they are searching for jobs, assess whether their needs have changed, and offer assistance such as help with a resume, fares, and (in a minority of cases) a job referral or short training course.

The Annual Activity is the most intensive form of assistance received, but this is also about compliance with benefit requirements

In August 2019, of the 88,600 people engaged in the six months of compulsory ‘annual activity’ described above (Table 2),

- 36% were in part-time employment (up from 26% in 2016-17);
- 22% were in vocational training (up from 17% in 2016-17);
- 16% were in Work for the Dole (down from 48%);
- 3% received a wage subsidy for employers to trial them for 3-6 months; and
- 1% were in voluntary work.<sup>74</sup>

## **Employment outcomes vary among different programs and for different groups**

During 2018-19, among people unemployed for over 12 months, 44% were in employment 3 months after participating in jobactive, compared with 45% in 2016-17<sup>75</sup>. Consistent with the changes in entry-level jobs discussed above, 60% of these jobs were part time and 54% were casual (compared with 62% and 38% respectively in 2016-17). (Table 2)

In 2018-19, employment outcomes (the share of participants in paid employment three months later) varied among these programs, from:

- 87% after a wage subsidy;
- 34% after vocational training (compared with 36% in 2017-18);
- 24% after voluntary work (compared with 32%); and
- 25% after Work for the Dole (compared with 27%).<sup>76</sup>

**Table 2: Participation and employment outcomes from jobactive and ‘annual activities’ (2017-18 and 2018-19)**

	Participation		% employed 3 months later	
	2017-18	2018-19	2017-18	2018-19
Jobactive participants (unemployed >12 months)	--	--	45% (62% part-time, 38% casual)	44% (60% part-time, 54% casual)
<b>Annual activity</b>				
Part-time employment	26%	36%	--	--
Wage subsidy	--	3%	--	87%
Vocational training	17%	22%	36%	34%
Work for the Dole	48%	16%	27%	25%
Voluntary work	--	1%	32%	24%
Other activity	9%	22%	--	--
All activities	100%	100%	--	--

Sources: Senate Standing Committee on Education and Employment (2020), Questions on Notice, Supplementary Budget Estimates 2019-2020: Dept of Employment, Skills, Small and Family Business Question No. EMSQ19-001227; ACOSS and Jobs Australia (2018), Faces of unemployment; Department of Employment, Skills, Small and Family Business (2019), Employment Services Outcomes Report (jobactive), detailed outcome tables.

Note: ‘Annual activity’ refers to compulsory activities required in each year of unemployment after the first year.

### *Wage subsidies are more effective than Work for the Dole*

Although the above figures are often described as the employment ‘outcomes’ of different programs, many of these jobs would have been secured without the program. To work out the impact of a program on people’s employment prospects, we need to compare employment among program participants and a similar group (called a ‘control group’) who did not join the program. Evidence from the Department of Jobs and Small Business indicates that:

- Wage subsidies are relatively effective, lifting the chances of leaving income support 12 months after a job placement by an average of 14 percentage points;<sup>77</sup>
- Work for the Dole is relatively ineffective, increasing the chances of employment by an average of just 2 percentage points.<sup>78</sup>

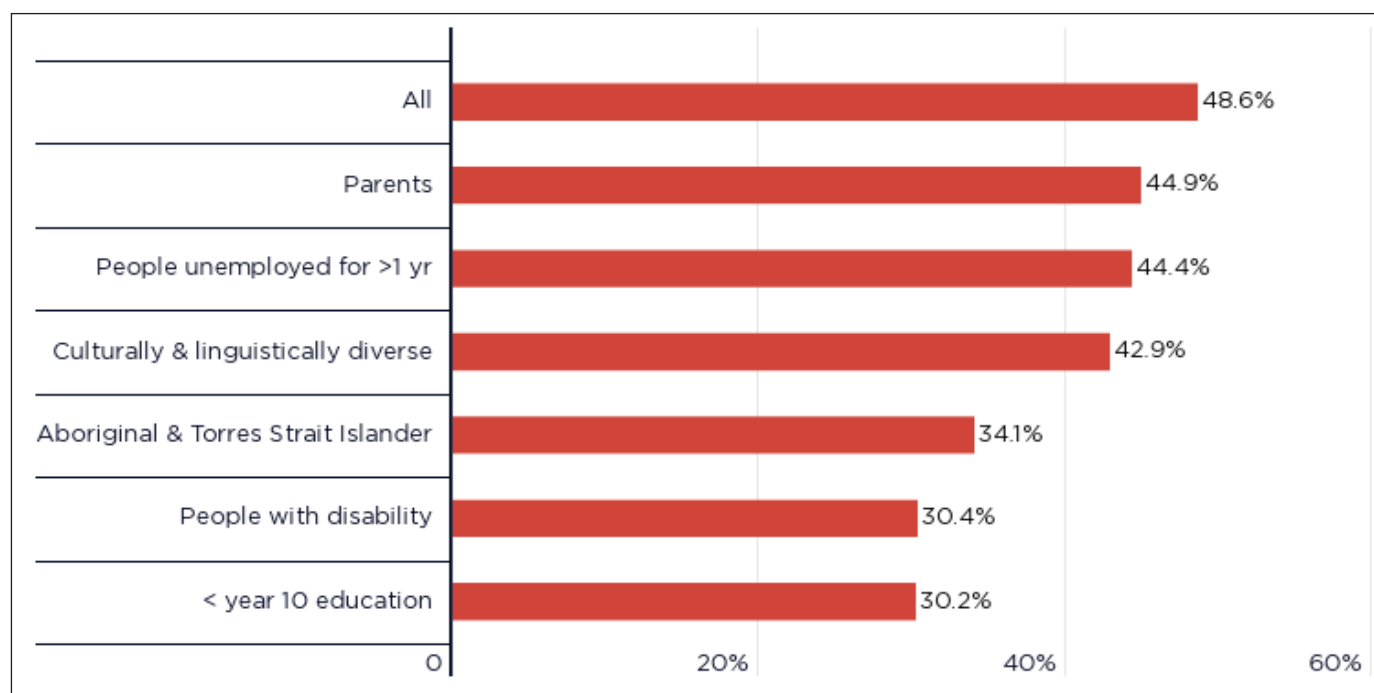


The main reason that wage subsidies are more effective is that people receive direct experience in a regular paid job and are often kept on after the subsidy ends. Work for the Dole activities are further removed from regular employment.

*Employment outcomes are lower for people facing labour market disadvantage*

Employment outcomes also vary among different groups with labour market disadvantage (Figure 19).

**Figure 19: Proportion of people employed 3 months after participating in jobactive during 2018-19**



Source: Department of Employment, Skills, Small and Family Business (2019), Employment Services Outcomes Report (jobactive), detailed outcome tables

# Dave's story

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Dave\* is 48 and lives in the small community of St George, about 500km west of Brisbane.

Despite applying for hundreds of positions, including direct referrals to employers by his jobactive provider BEST Employment, he has not been successful in obtaining a single job interview. He has been unemployed for 12 years.

According to Dave, in his spare time, "I don't do much. I go to the library to fill in the time. I also have to budget, make sure I have money for groceries and rent".

Since being referred to BEST Employment 12 months ago, he has attended all his appointments and complied with all his mutual obligation requirements. He's after basic labouring work or office work. He looks for jobs online and in local newspapers, and cold calls employers.

Dave has tried hard to acquire the skills that employers are looking for. Since completing secondary school in 1989, he has completed numerous training courses, including Certificate III in Transport & Logistics, Certificate II in Horticulture, Certificate II in Food Processing and Certificate III in Retail. BEST has supported him to develop his skills and his participation in Work for the Dole.

There are very few employment opportunities in St George. Transport is a major barrier to finding work. There is no public transport, and Dave has no transport of his own.

Prior to becoming unemployed, Dave participated in the former Community Development Employment Projects (CDEP) scheme in St George for 11 years. While it operated, CDEP provided paid employment opportunities for about 60,000 Indigenous people each year, often in remote areas with no or very small labour markets. During his time in CDEP, Dave had experience as a labourer, mowing lawns and splitting timber. The CDEP program was axed by the Federal Government in July 2011, and participants were referred to mainstream services.

Dave' dream job would be "an office job, a mail clerk or in administration."

\*Name has been changed for privacy reasons.

## What help do people unemployed long-term need?

Evidence from evaluations of employment programs internationally suggests the most effective programs for people disadvantaged in the labour market include wage subsidies, vocational training, and employment counselling and job matching services (Table 3).

**Table 3: Average impacts of different programs internationally on the employment prospects of people who are unemployed**

Program	Description	Typical employment impacts (%)*
Compulsory, assisted job search	Monitored job search and job search training; often an entry point to other programs	Low (3.8%) Stronger in short term
Wage subsidies in private sector	6-12 months' partly-subsidised experience in regular jobs	High (21.2%) Stronger in long term, but with uncertain selection effects
Public sector wage subsidies	6-24 months' fully subsidised employment in 'additional' jobs	Low to negative (-0.2%) Stronger in long term
Vocational training	6-24 months' training in a college or work setting	Medium (9.7%) Stronger in long term Wide variation in impacts

Source: Card D, Kluwe J, Webber A (2015), 'What works? A meta-analysis of recent active labour market program evaluations' NBER Working Paper 21431, Cambridge MA, tables 3a and 8

\* Estimated average increases in the probability of employment after program commencement, divided by the standard deviation of the employment rate of the comparison group. "Short term" = <1 year; "Medium term"=1-2 years; "Long term"=>2 years.

# Archie's story

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Archie\* is a 57 year-old English man who has struggled to find ongoing sustainable employment.

“It’s very depressing. You’re literally living day-to-day. A lot of the current vacancies are unattainable – they’re either a million miles away or you don’t have the training for it. I don’t do drugs or alcohol and a lot of the time I just feel worthless. People at my age, we’ve done a lot in our lives. We’ve got a lot to offer,” he said.



Since immigrating to Australia 13 years ago, Archie has been employed primarily as a Courier and a Traffic Controller.

A serious road accident in 2009 and a marriage breakdown has impacted his ability to secure work and he has currently been out of the workforce for the past two years.

Archie says it’s got to a point where he would relocate from his home town on NSW’s North Coast, to find work. But he’s not so sure it would help.

“I’m not a young fella anymore. I’ve applied for jobs in Sydney and Newcastle and if I had to move for work I would. If I could handle the job physically I would do it.”

“I’ve applied for literally hundreds of jobs ranging from security, driving, traffic controlling, working in a laundromat, painting etc.

Archie’s employment services provider ETC has helped him financially with gaining industry accredited certificates, re-training and by putting him through resilience and job search workshops.

ETC’s Job Advisors meet with Archie weekly to support him in his employment journey which is currently focussed on securing with a new correctional centre.

In terms of improvements to the employment services sector, Archie said he would like to see an increase in the allowance given to job seekers, more opportunities for people to be trained on the job while they’re earning an income and the abolishment of Work for the Dole.

“Australia used to be the land of opportunity, but I think that’s a thing of the past,” Archie said.

\*Name has been changed for privacy reasons.

# Endnotes

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- 1 Unemployment payments' refers to Newstart Allowance (recently re-named "Jobseeker Payment") and Youth Allowance (Other) which is paid to young people who are unemployed (as distinct from fulltime students).
- 2 Department of Social Services (2019), DSS Demographics, September 2019 Available at <http://data.gov.au>
- 3 Australian Bureau of Statistics (2019), 6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery Available at <http://abs.gov.au>
- 4 Department of Social Services (2019) Op Cit
- 5 In this publication, we have replaced the term 'low-skilled' with 'entry-level', as many jobs categorized as 'low-skilled' are quite highly skilled jobs. It is worth noting that in particular, many caring jobs usually performed by women have been historically undervalued as 'unskilled' or 'low-skilled'.
- 6 Department of Employment, Skills, Small and Family Business (2018), Survey of Employers' Recruitment Experiences: 2018 Data Report
- 7 Australian Treasury (2020), [Opening Statement – March 2020 Senate Estimates](#)
- 8 Department of Jobs and Small Business (2019), Australian Jobs 2019.
- 9 Wilkins, R and Zilio, F (2020) Research report, low-paid employees. Fair Work Commission, 2020.
- 10 Department of Home Affairs (2019), Working Holiday Maker visa program report and Student visa and Temporary Graduate visa program report
- 11 Senate Standing Committee on Education and Employment (2020), Response to Department of Employment, Skills, Small and Family Business Question No. EMSQ19-001224
- 12 Senate Standing Committee on Education and Employment (2020), Response to Department of Employment, Skills, Small and Family Business question No. EMSQ19-001229.
- 13 OECD Social Expenditure data base.
- 14 Australian Government (2018), The next generation of employment services, Discussion paper. Canberra.
- 15 Department of Education, Skills and Employment (2019), Employment Services Outcomes Report (jobactive), detailed outcome tables
- 16 Senate Standing Committee on Education and Employment (2020), Questions on Notice, Supplementary Budget Estimates 2019-2020: Dept of Employment, Skills, Small and Family Business Question No. EMSQ19-001227;
- 17 Senate Standing Committee on Education and Employment (2020),Op Cit
- 18 Senate Standing Committee on Education and Employment (2020),Op Cit
- 19 Since writing this report, Newstart and other allowance recipients have been granted a supplement to boost their incomes during the COVID 19 crisis, but this is not permanent.
- 20 Employment Services Expert Panel (2019), [I want to work](#), Department of Jobs and Small Business; <https://www.employment.gov.au/NEST>
- 21 Department of Social Services (2019), DSS Demographics, September 2019 Available at <http://data.gov.au>
- 22 Australian Bureau of Statistics (2019), 6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery Available at <http://abs.gov.au>. The main reason there were more NSA/YA recipients than unemployed people was that 376,417 Newstart recipients were either not actively seeking employment (mainly due to training commitments or disabilities) or were already employed part-time (Department of Social Services 2020, Labour market and related payments, December 2019). On the other hand, many unemployed people are not eligible for benefits due to the income of their immediate family (See also ABS Labour Force, September 2019).
- 23 In November 2019, one in eight recipients of NSA and YA (98,000 out of 785,000) were exempted from activity requirements due to illness or disability. Department of Social Services (2019), Labour market and related payments, November 2019.
- 24 ACOSS (2020), Budget Priorities Statement. Available at: [www.acoss.org.au](http://www.acoss.org.au)
- 25 In 2017, the single Newstart rate (including the \$4 a week Energy Supplement) was just 43% of the minimum fulltime wage, after tax (Fair Work Australia (2018), Statistical summary).

- 26 Treasury (2019), Budget 2019-20, Budget Strategy and Outlook, Budget Paper No.1 2019-20. Available: [www.budget.gov.au](http://www.budget.gov.au)
- 27 Department of Social Services (2019), Op Cit
- 28 People can continue to receive unemployment payments while in low paid part time jobs, and for up to three months (at a zero rate) while in a fulltime job. The main reason they left benefits was that they obtained fulltime employment.
- 29 For a good summary of long-term unemployment in Australia see Fowkes L (2011), Long term unemployment in Australia: <http://apo.org.au/system/files/26955/apo-nid26955-63081.pdf>
- 30 Since 2006, the Howard Government's 'Welfare to Work' policy diverted around 20,000 sole parents and people with disabilities each year from pension to unemployment payments. Existing recipients of DSP and Parenting Payment Single were 'grandfathered' (kept their pension entitlements) but in 2013 the Gillard Government removed this protection from sole parents who were receiving Parenting Payment Single when the Welfare to Work changes were first introduced, shifting 80,000 Sole parents to Newstart and Youth Allowances. The drop in payments when people move from pensions to unemployment payments is \$100 to \$180 a week.
- 31 From 2010-11 to 2017-18, the rate of successful disability support pension claims fell from 69% of claims in 2010-11 to 41% in 2013-14 and then 30% in 2017-18. Li J et al (2019), [Inequalities In Standards of Living: Evidence for Improved Income Support for People with Disability](#). NATSEM, Institute for Governance and Policy Analysis, University of Canberra. Report commissioned by Australia Federation of Disability Organisations.
- 32 Senate Community Affairs Committee (2020), Response to Estimates Question 867.
- 33 Prior to June 2019, statistics for recipients with a partial capacity to work included only those who had a work capacity assessment completed within the last two years. Subsequent data (including data in the above graph back to 2014) include all recipients with a work capacity of under 30 hours per week, regardless of when the assessment was undertaken. Department of Social Services (2019), DSS Demographic data, June 2019.
- 34 Senate Community Affairs Committee (2020), Response to Estimates Question 383.
- 35 Department of Social Services (2020), [Disability & Carers webpage](#), [Disability Employment Services](#) ; Department of Education, Skills and Employment (2020), [jobactive webpage](#)
- 36 Department of Education, Skills and Employment (2020), Employment Services Outcomes Report (jobactive), April 2018 – March 2019.
- 37 Australian Bureau of Statistics (2020), 6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery. Available at [www.abs.gov.au](http://www.abs.gov.au) . Unemployment (those lacking paid employment who are actively seeking and available for employment) is the main, but not the only measure of those people who are unable to find the paid working hours they want. The other key measures are under-employment (being employed but lacking the paid hours they seek and are available for), and 'marginally attached' workers (those not employed but wanting paid work who are either not actively seeking it or not currently available, often for child care reasons). Marginally attached workers are not included in this report since data are only available annually and most are not active participants in the labour market. These definitions are provided in: <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/55425CBCD72D145ECA257810001134AE?opendocument>
- 38 Youth unemployment rates are generally higher because more young people (than adults) are out of the paid workforce due to study commitments. Since unemployment is measured in proportion to the labour force, the 'denominator' in this calculation is smaller for young people, so unemployment rates are higher. (Pretty sure this is not correct. If so many weren't in FT study and not looking for work then the rate would be even higher. The fact that they study actually lowers the unemployment rate for young people, it doesn't increase it - notwithstanding the fact that many actually combine work and study to get by) Happy to delete this , but if unemployment was measured as a % of the whole youth population this would be true, but it's measured in proportion to a fraction of that population, so is almost always higher. E.g. if 10% of all young people are unemployed but half of young people are fulltime students (and not in the labour force), the official unemployment rate is 20%. If all of the fulltime students enter the labour market and 10% of them become unemployed, the unemployment rate would be 15%. However, since the GFC growth in youth unemployment has exceeded growth in adult unemployment.
- 39 Australian Treasury (2020), Op Cit
- 40 The measure used by the RBA is the 'Non Accelerating-Inflation Rate of Unemployment' or NAIRU, which is defined as the level of unemployment below which inflation is likely to accelerate (and the RBA is likely to raise interest rates to prevent this from happening).

See Cusbert (2017), Estimating the NAIURU and the Unemployment Gap. Reserve Bank Bulletin December 2017. The RBA Governor Dr Philip Lowe indicated early in 2019 that the bank had revised down its estimate for the NAIURU from 5.2% to around 4.5%. House of Representatives Standing Committee on Economics (2019), Reserve Bank of Australia annual report 2018 (22 February 2019).

- 41 The Treasury (2020), [Economic Response to the Coronavirus](#).
- 42 Australian Government (2019), Mid year economic and fiscal outlook 2019-20. Available at [www.budget.gov.au](http://www.budget.gov.au)
- 43 Department of Employment, Skills, Small and Family Business (2018), Survey of Employers' Recruitment Experiences: 2018 Data Report
- 44 Department of Employment (2015), Entry level jobs - opportunities and barriers June 2015'.at <https://docs.jobs.gov.au/system/files/doc/other/entryleveloverall.pdf>
- 45 For a detailed analysis of trends in vacancies by skill level, see: Anglicare Australia, 2019. [Jobs availability snapshot](#).
- 46 Productivity Commission (2016), Migrant Intake into Australia. The Commission notes (at p201) that temporary visa grants among international students, working holiday-makers and temporary graduate visa categories, measured as a proportion of Australia's youth labour force increased from 14 per cent in 2004-05 to 27 per cent in 2013-14, and that these temporary migrants comprised over 13 per cent of total employment of those aged 15 to 24 years in September 2015.
- 47 Department of Home Affairs (2019), Working Holiday Maker visa program report and Student visa and Temporary Graduate visa program report
- 48 Productivity Commission (2016), op cit; Breunig R et al (2016), The relationship between immigration to Australia and the labour market outcomes of Australian workers. Technical Supplement A to Productivity Commission (2016) *ibid*. Note that Breunig et al did not specifically examine the impact of temporary migration on the labour market, due to data limitations. Regarding concerns about exploitation, see Senate Education and Employment References Committee (2016), A National Disgrace: The Exploitation of Temporary Work Visa Holders.
- 49 These franchises frequently under-paid temporary visa holder, as seen in this article in the [Sydney Morning Herald](#) and this in the [Australian Financial Review](#)
- 50 ABS (2020), Labour Force, Australia, Detailed, Quarterly, 6291.0.55.00
- 51 'Entry-level' refers here to positions at skill levels 4 and 5.  
Occupations at Skill Level 4 have a level of skill commensurate with Certificate II or III. At least one year of relevant experience may substitute for the formal qualifications listed above. In some instances relevant experience may be required in addition to the formal qualification.  
Occupations at Skill Level 5 have a level of skill commensurate with Certificate I or compulsory secondary education. For some occupations a short period of on-the-job training may be required in addition to or instead of the formal qualification. In others, no formal qualification or on-the-job training may be required.
- 52 Since turnover for retail jobs is more than 40% greater than average, and for labourers more than 20% greater, growth in overall vacancies for these jobs will be higher than indicated here, but this means that the risk of losing those jobs is also greater since more people are moving in and out of these jobs. Source: Shah, C & Dixon, J 2018, Future job openings for new entrants by industry and occupation, NCVER, Adelaide.
- 53 OECD (2020), Part-time employment rate (indicator). doi: 10.1787/f2ad596c-en (Accessed on 09 March 2020). The Netherlands has the highest rate of part-time employment.
- 54 Australian Bureau of Statistics (2020), 6291.0.55.001 Labour Force, Australia, Detailed - Electronic Delivery. Available at [www.abs.gov.au](http://www.abs.gov.au)
- 55 In January 2020, 31% of part-time workers were under-employed. Source: ABS (2020), Labour Force, Australia, Detailed, Quarterly, 6291.0.55.00
- 56 Gilfillan G (2018) Characteristics and use of casual employees in Australia, Parliamentary Library
- 57 Gilfillan G (2018) op cit; Kler P et al (2017) op cit; OECD Labour market statistics. Spain has the highest share of casual jobs. The share of casual jobs grew strongly in the 1980s and 90s and more gradually since then (from 24% in 1994 to 25% in 2016, excluding owner-managers).
- 58 Source: Gilfillan G (2018), op cit.
- 59 Of all casual employees, 81% expected to be in the same job in 12 months' time, and 36% wanted more paid hours.

- 60 Cassidy N & Parsons S (2017), The rising share of part-time employment, Reserve Bank Bulletin September 2017.
- 61 [Wilkins, R & Zilio, F \(2020\)](#), Research Report 2020, Low Paid Employees . FairWork Commission 2020. Low hourly pay rates are a proxy for low skills.
- 62 Source: Gilfillan G (2018), op cit.
- 63 The part-time and casual jobs were not mutually exclusive. It is likely that most of the part-time jobs obtained were casual and vice versa. Most participants in jobactive received either Newstart or Youth Allowance. Department of Jobs and Small Business (2019), Employment Services Outcomes Report (April 2018- March 19).
- 64 43% of job placements among jobactive participants led to a 100 per cent income support reduction and a 'paid 26-week outcome' for the provider. Department of Jobs and Small Business (2019), *ibid*.
- 65 Note that Youth Allowance is also received by full-time students (not included in the data in this report).
- 66 Rent Assistance and Family Tax Benefits are also available, but recipients of these payments also have much higher living expenses. See [www.acoss.org.au/raisetherate/](http://www.acoss.org.au/raisetherate/) ]
- 67 Saunders P & Bedford M (2017), 'New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians.' Social Policy Research Centre, UNSW Australia.
- 68 For details of the program, see: <https://www.jobs.gov.au/jobactive>
- 69 Other employment programs funded by the Australian Government include Disability Employment Services, Community Development Program (for remote Aboriginal and Torres Strait Islander communities), wage subsidies, ParentsNext (for parents with preschool age children), Transition to Work (for young early school-leavers), and Youth Jobs PaTH (for young unemployed people).
- 70 Senate Standing Committee on Education and Employment (2020), Response to Senate Estimates question No. EMSQ19-001229.
- 71 OECD (2020), Social expenditure data base at <https://stats.oecd.org/Index.aspx?DataSetCode=LMPEXP#>
- 72 Langenbucher K (2015), 'How demanding are eligibility criteria for unemployment benefits: quantitative indicators for OECD and EU countries', OECD Social, Employment and Migration Working Paper No. 166, Paris.
- 73 Senate Standing Committee on Education and Employment (2020), Response to Department of Employment, Skills, Small and Family Business Question No. EMSQ19-001224
- 74 Senate Standing Committee on Education and Employment (2020), Questions on Notice, Supplementary Budget Estimates 2019-2020: Dept of Employment, Skills, Small and Family Business Question No. EMSQ19-001227; ACOSS and Jobs Australia (2018), Faces of unemployment.
- 75 Department of Education, Skills and Employment (2019), Employment Services Outcomes Report (jobactive), detailed outcome tables
- 76 Senate Standing Committee on Education and Employment (2020), Op Cit
- 77 Department of Education Employment and Workplace Relations (2012), Employment Pathway Fund Wage Subsidies Evaluation Paper.
- 78 Department of Employment (2016), Work for the Dole 2014-15 Pilot Evaluation.







Jobs Australia