



**TOMORROW
MOVEMENT**

Climate Jobs Guarantee: a path out of crisis for young people

January 2022

Executive Summary

The Tomorrow Movement welcomes the opportunity to provide recommendations regarding our priorities for the 2022-23 Budget.

We are living in a time of intersecting crises - a global pandemic, rising unemployment and anthropogenic climate change. Young people find themselves at the crossroads of these crises and are in need of meaningful support via the Federal Budget.

This submission highlights the following:

- 1. Young people are disproportionately impacted by the health, employment and climate crises:** COVID-19 and the resulting recession disproportionately impact young people and their job prospects whilst simultaneously threatening their health, with COVID-19 cases most prevalent amongst people aged 20-29. Meanwhile, young people are set to bear the brunt of the projected impacts of the climate crisis in coming years.
- 2. The Australian Government needs to invest in effective and sustainable job creation:** There are currently more job seekers than jobs available. Direct investment in job creation that strengthens public services and transitions Australia to a green economy through a Climate Jobs Guarantee is critical.
- 3. No one should be living below the poverty line in Australia:** The current rate of JobSeeker and Youth Allowance are substantially below the poverty line and are the second-lowest rates of payment in Organisation for Economic Co-operation (OECD) countries.

Summary of recommendations

The Tomorrow Movement recommends that the Treasury take the following actions in relation to the 2022-2023 Budget:

1. Commit to a Climate Jobs Guarantee to meet the intersectional challenges of effective job creation for young people, strengthening our public healthcare system and sustainably transitioning our energy infrastructure.
2. Restore JobSeeker, Youth Allowance and other income support payments to the amounts paid between April and September 2020, above the poverty line (i.e. at least \$550 per week), and extend these payments to all who need them regardless of visa status.

1. Young people are disproportionately impacted by the health, employment and climate crises

Young workers were already entering a weak labour market pre-COVID-19

Young people's career trajectories and working futures were shifting from previous generations even prior to COVID-19. A weak labour market, prevalent since the Global Financial Crisis,¹ has led to a number of worrying trends for young people entering the workforce:

- **High youth underutilisation:** Almost one in three young people were unemployed or underemployed prior to COVID-19.²
- **Increase in casual full-time work:** Since 1992, the number of young people (15-24) in casual full-time employment has more than doubled.³
- **Growth of the gig economy workforce:** Since 2016, the gig economy workforce is estimated to have grown by 340% with young people (under 35) making up over 50% of this workforce.⁴
- **Experiences of wage theft:** Young people are disproportionately exposed to issues of wage theft as demonstrated by several major cases during 2019.⁵
- **Low or zero wage growth for young workers:** Young workers aged 20-34 experienced nearly zero growth in real wage rates from 2008 to 2018.⁶

COVID-19 exacerbated inequalities in the labour market

COVID-19 has impacted every element of young people's working lives. In 2020, young people were disproportionately exposed to the risks of job losses and are likely to feel the impact of the pandemic for the next decade in their careers.⁷

- **Disproportionate job losses:** Young people were overrepresented in some of the industries hardest hit by COVID-19. For 15-19 year-olds, the accommodation and food services sector provides employment for more than 35% of young working people. For 20-24 year-olds retail trade, at 18%, and accommodation and food services, at 15%, are the two biggest industry employers.⁸
- **Job losses concentrated on casual work:** Analysis during COVID-19 highlighted that the number of casual jobs in small business had fallen 25% between the first week of March and the last week of April, compared to 2% for full time and 5% for part-time jobs.⁹
- **Scarring effects may linger for a decade:** Insights from previous recessions show that young people may experience scarring effects in the labour market for up to a decade resulting in lower wages, higher likelihood of overqualification for jobs and higher rates of unemployment and underemployment.¹⁰

¹ Productivity Commission (2020), "Climbing the jobs ladder". Available at: <https://www.pc.gov.au/research/supporting/jobs-ladder>

² Foundation for Young Australians (2018), "The New Work Reality". Available at: <https://www.fya.org.au/report/the-new-work-reality/>

³ *ibid.*

⁴ Foundation for Young Australians (2020), "The New Work Standard". Available at: <https://www.fya.org.au/report/the-new-work-standard/>

⁵ See Young Workers Centre (2019) for more information: <https://youngworkerscbr.org.au/2020/01/2019-a-crisis-year-for-wage-theft/>

⁶ Productivity Commission (2020), "Climbing the jobs ladder".

⁷ *ibid.*

⁸ Foundation for Young Australians (2020), "The New Work Standard".

⁹ *ibid.*

¹⁰ Productivity Commission (2020), "Climbing the jobs ladder".

The current wave of COVID-19 is disproportionately impacting young people

Over the duration of the pandemic, COVID-19 cases in Australia have been most prevalent amongst young people aged 20-29.¹¹ The current wave has hit young people particularly hard, with many unable to work whilst isolated at home and left with no meaningful income support. Casual jobs without sick leave exacerbate this precarity. The lack of readily available Rapid Antigen Testing kits has left young workers vulnerable to infection in retail and hospitality environments, with no alternative but to risk their health by attending work in order to pay for essentials.

Current and predicted impacts of climate change will worsen in young people's lifetimes

The 2021 Intergovernmental Panel on Climate Change report highlighted the unequivocal fact that human influence has warmed the atmosphere.¹² Furthermore, human-induced climate change is already leading to observed changes in extreme weather events in every region globally.¹³ These changes are predicted to worsen significantly in the coming decades without deep reductions in carbon dioxide and other greenhouse gas emissions. Inaction on these realities leaves young people in a position of ever-increasing vulnerability and crisis.

2. A Climate Jobs Guarantee - The Australian Government needs to invest in effective and sustainable job creation

There are nine job seekers for every job available in Australia.¹⁴ The youth unemployment rate is currently 9.4% as of December 2021 - more than double the general rate of unemployment.¹⁵

European Union - the case for a youth jobs guarantee

Since 2013 the European Union (EU) has deployed a Youth Guarantee and Youth Employment Initiative as an ambitious strategy to reduce youth unemployment. The program has seen all Member States commit to giving every young person (under 30) a good-quality offer of employment, continued education, an apprenticeship or a traineeship within a period of four months of becoming unemployed or leaving formal education.¹⁶ A report conducted 3 years after the program launched found that there are 1.4 million fewer young people experiencing unemployment in the EU.¹⁷ Over 24 million young people who have been registered in Youth Guarantee schemes started an offer of employment, continued education, apprenticeships and traineeships.¹⁸

A Climate Jobs Guarantee in Australia

¹¹ Australian Government Department of Health (2022), "COVID-19 cases by age group and sex." Available at: <https://www.health.gov.au/health-alerts/covid-19/case-numbers-and-statistics>

¹² Intergovernmental Panel on Climate Change (2021), "AR6 WGI Summary for Policymakers Headline Statements." Available at: https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_Headline_Statements.pdf

¹³ *ibid.*

¹⁴ ACOSS (2021), "ACOSS calls on Government to do the right and smart thing on JobSeeker ahead of expected decision."

¹⁵ Australian Bureau of Statistics (2022), "Labour Force, Australia." Available at: <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>

¹⁶ European Commission (2021), "The reinforced youth guarantee." Available at: <https://ec.europa.eu/social/main.jsp?catId=1079&langId=en>

¹⁷ European Commission Directorate-General for Employment, Social Affairs and Inclusion (2016), *The Youth Guarantee and Youth Employment Initiative three years on*, European Commission, [Brussels], Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016DC0646&from=EN>

¹⁸ European Commission (2021), "The reinforced youth guarantee." Available at: <https://ec.europa.eu/social/main.jsp?catId=1079&langId=en>

Strengthening our public services, transitioning our energy system and preparing our cities and towns to withstand the impacts of climate change could create thousands of jobs. The Australian Government should commit to a Climate Jobs Guarantee and invest resources into solving the biggest crises of our time. Strengthening our public services, with an emphasis on public health, would enable us to better withstand the current health crisis, whilst also promoting resilience in the face of future crises. 94% of young people surveyed by Tomorrow Movement in 2021 agreed that the government should create new jobs and solve climate change with a Climate Jobs Guarantee.¹⁹

A Climate Job Guarantee must meet the following criteria:

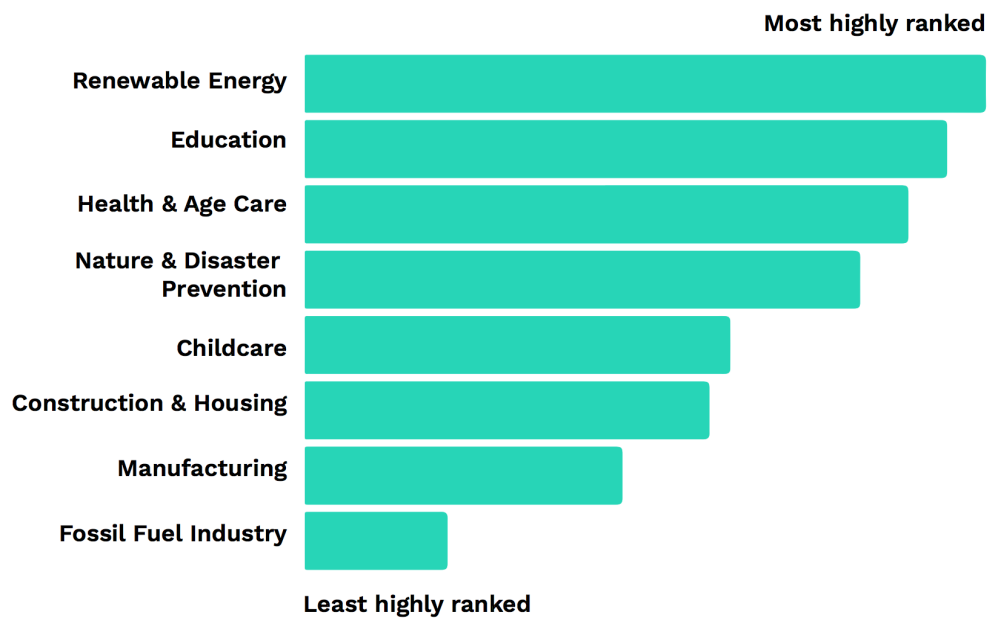
1. **Good jobs for everyone who wants one:** Millions of people can't find as much work as they want and the threat of unemployment is used by big business to force people to accept poorly paid and insecure working conditions. A Climate Jobs Guarantee must guarantee anyone — regardless of age, education levels or location — a permanent, unionised job that pays a living wage. These jobs will have leave entitlements and can be full or part-time based on the needs of the person looking for work, raising the standards of work for all workers.
2. **Urgent, coordinated action to solve the climate crisis:** The climate crisis is the fight of our lives and there is no shortage of work to be done for the urgent, large-scale action that's needed to solve it. The jobs created by a Climate Jobs Guarantee must be meaningful work that enriches and serves our communities, reaches 100% clean and renewable energy by 2030 and manages the climate impacts we can no longer avoid.
3. **Meaningful work that cares for our communities as decided by our communities:** The people who best know what kind of work their communities need are the people who live there. This program should be administered locally so that these jobs serve real needs in communities. In particular, First Nations Communities must have control over what work happens on their Country.
4. **Public service jobs in the hands of the public:** For too long, the needs of big business have been put ahead of the needs of our society. This is our chance to rebuild the public sector to provide great public services that meet everyone's needs and revitalise our cities, towns and communities. The jobs created by a Climate Jobs Guarantee must be public sector jobs that serve real community needs.
5. **A living income for all, whether people are working or not:** A Climate Job Guarantee must not come at the expense of income support for everyone else. Everyone, whether they work or not, is entitled to the dignity of a living income and the support they need.

60% of young people surveyed said a jobs guarantee program would solve the employment problems they had personally experienced.²⁰ Respondents to this survey identified that the most important industries for the government to be creating jobs in were Renewable Energy, Education and Health and Aged Care Services. They consistently ranked the Fossil Fuel Industry last (see Figure 1). A Climate Jobs Guarantee should prioritise work expanding clean energy, improving healthcare, massively expanding and upgrading public housing, modernising public transport, manufacturing essential goods in Australia, expanding sustainable agriculture and retrofitting homes to adapt to changing climates and improve energy efficiency.

¹⁹ Tomorrow Movement (2021), "Youth Jobs: Crisis and Solutions." Available at: https://tomorrowmovement.com/wp-content/uploads/2021/10/YouthJobs_SurveyReport_TmrwMvmt_Sept21.pdf

²⁰ *ibid.*

Figure 1 - Young People's Employment Investment Priorities



Source: Tomorrow Movement (2021), "Youth Jobs: Crisis and Solutions". Available at: https://tomorrowmovement.com/wp-content/uploads/2021/10/YouthJobs_SurveyReport_TmrwMvmt_Sept21.pdf

A Climate Jobs Guarantee is just one part of the response we need to address the health, employment and climate crises and build a society that works for everyone. Nobody can be left behind as we create the 100% renewable future we need, and support must be provided for workers in affected industries and communities. Everyone must be guaranteed a good job, great public services and a safe climate. A Climate Jobs Guarantee could be the cornerstone of an ambitious response to contemporary crises that would transform our society and improve the lives of millions of people.

RECOMMENDATION 1

Commit to a Climate Jobs Guarantee to meet the intersectional challenges of effective job creation for young people, strengthening our public healthcare system and sustainably transitioning our energy infrastructure.

3. No one should be living below the poverty line in Australia

"Young people shouldn't have to choose between going to the doctor or paying their rent. We shouldn't be living on rates lower than the current poverty level." Tiana, recipient of JobSeeker - aged 21

Current rates of JobSeeker and Youth Allowance are not liveable

There are currently 376,578 young people (under 25) on JobSeeker and Youth Allowance in Australia. The rates of JobSeeker and Youth Allowance that are the equivalent of \$44.96 and \$37.89 per day respectively, substantially below the poverty line.²¹ This rate is 42% of the minimum wage, the same as 2007.²² Australia is far below most developed and progressive economies in the world in terms of unemployment benefits. Even with the marginal increase in April 2021, Australia has the second-lowest rate in the Organisation for Economic Co-operation (OECD), only ahead of Greece (see figure 2 for further detail).²³

At this rate of payment young people will struggle to pay for basics like food and rent. They are already increasingly locked out of rental markets, with analysis showing that 0% of rental listings are affordable for young people on JobSeeker and Youth Allowance at pre-COVID rates.²⁴

At the beginning of COVID-19 with the introduction of the Coronavirus Supplement in April 2020 (see figure 3), people on income support payments were more effectively able to cover their living costs. With the increased rate of income support payments (the addition of the coronavirus supplement brought the rate to approximately \$80 a day), 80% of people reported using the additional income to cover household bills, and 60% reported using it for groceries.²⁵

²¹ Rates referenced are for a single person, living without dependents, and out of home or independent for Youth Allowance.

Grattan Institute (2021), "Now is an especially bad time to cut unemployment benefits". Available at: <https://grattan.edu.au/news/now-is-an-especially-bad-time-to-cut-unemployment-benefits/>

²² Grattan Institute (2021), "Now is an especially bad time to cut unemployment benefits".

²³ *ibid.*

²⁴ Anglicare (2020), "Special Release: Rental Affordability Update." Available at: <https://www.anglicare.asn.au/docs/default-source/default-document-library/special-release-rental-affordability-update.pdf?sfvrsn=4>

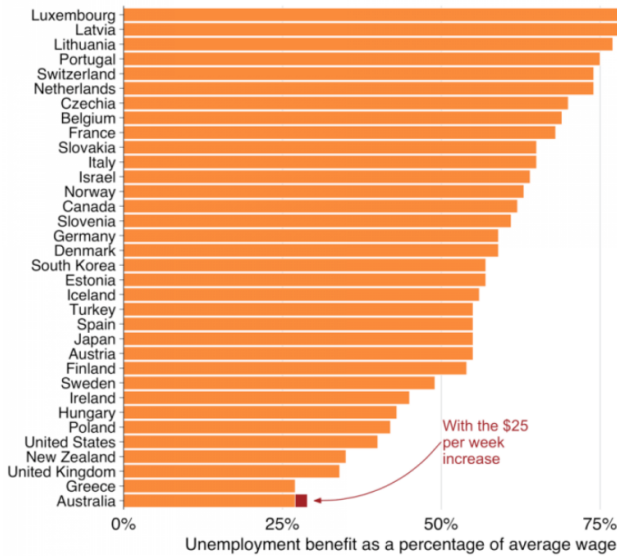
²⁵ ABS (2020), "Household Impacts of COVID-19 Survey Results." Available at: <https://www.abs.gov.au/statistics/people/people-and-communities/household-impacts-covid-19-survey/latest-release#stimulus-payments>

Figure 2 - Unemployment Benefits across the OECD

The extra \$25 a week will take Australia's unemployment benefit from the lowest to the second lowest in the OECD



Unemployment benefit as a percentage of average wage in first month of unemployment



Note: Including housing assistance where applicable.
Source: OECD.Stat.

Source: Grattan Institute (2021), "Now is an especially bad time to cut unemployment benefits".

Available at:

<https://grattan.edu.au/news/now-is-an-especially-bad-time-to-cut-unemployment-benefits/>

Figure 3 - Timeline of Key Changes to the Coronavirus Supplement

27 Apr 2020	25 Sept 2020	1 Jan 2021	1 Apr 2021
<p>Introduction of the Coronavirus Supplement</p> <p>Eligible income support recipients received \$550 per fortnight.</p>	<p>\$300 cut to the Coronavirus Supplement</p> <p>Eligible income support recipients received \$250 per fortnight.</p>	<p>Further \$100 cut to the Coronavirus Supplement</p> <p>Eligible income support recipients received \$150 per fortnight.</p>	<p>Current end date of the Coronavirus Supplement</p> <p>Income support recipients will receive no additional support.</p>

Source: DSS (2020), "Government response to Coronavirus". Available at:

<https://guides.dss.gov.au/guide-social-security-law/coronavirus>

Young people need a liveable income to look for work

Looking for work takes time and costs money, and can be difficult for young people experiencing high levels of financial stress. The OECD has found that higher income support payments means less financial stress and as a result a higher ability to commit to job searching and pay for transport, clothing and other costs for job interviews.²⁶ The report also highlighted that the rate of Newstart

²⁶ OECD (2010), "Survey of Australia". Available via The Conversation at: https://cdn.theconversation.com/static_files/files/1345/Extract_from_OECD_2010_Survey_of_Australia.pdf?1606449879

had fallen to the point where questions could be asked about its “effectiveness in providing sufficient support for those experiencing a job loss, or enabling someone to look for a suitable job.”²⁷

Mental health impacts of financial stress are too high

Living below the poverty line can have devastating impacts across people’s lives, including:

- Housing instability due to inability to make rental payments;
- Exacerbating existing intersecting crises such as family violence or homelessness; and
- Increasing the risk of death by suicide.²⁸

The compounding impact of financial stress and flow-on consequences also has grave mental health impacts. Research has found that poverty and inadequate income substantially increase the risk of depression and psychological distress.²⁹ This is particularly concerning as we continue to navigate the COVID-19 pandemic which has had a detrimental impact on young people’s mental health and wellbeing.³⁰

RECOMMENDATION 2

Restore JobSeeker, Youth Allowance and other income support payments to the amounts paid between April and September 2020, above the poverty line (i.e. at least \$550 per week), and extend these payments to all who need them regardless of visa status.

About the Tomorrow Movement

We are an unstoppable movement of young people fighting for a society with good jobs, great public services and a safe climate for all. We are organising young people all over the country to fight for a tomorrow that works for everyone, not just big business.

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²⁷ *ibid.*

²⁸ ACOSS (2020), “Briefing paper on impact of financial distress on mental health”. Available at: https://www.acoss.org.au/wp-content/uploads/2020/09/2020_08_28_ACOSS-Briefing-Paper_Impact-of-financial-distress-on-mental-health-re-COVID-19-2.pdf

²⁹ ACOSS (2020), “Briefing paper on impact of financial distress on mental health”. Available at: https://www.acoss.org.au/wp-content/uploads/2020/09/2020_08_28_ACOSS-Briefing-Paper_Impact-of-financial-distress-on-mental-health-re-COVID-19-2.pdf

³⁰ headspace (2020), “Insights: Youth mental health and wellbeing overtime - headspace National Youth Mental Health Survey 2020”. Available at: <https://headspace.org.au/assets/Uploads/Insights-youth-mental-health-and-wellbeing-over-time-headspace-National-Youth-Mental-Health-Survey-2020.pdf>.