



youth affairs council
OF SOUTH AUSTRALIA

Submission to the Select Committee on the Gig Economy

May 2023

Introduction

YACSA is the peak body in South Australia representing the interests of young people as well as the organisations, networks, and youth workers within the non-government youth sector. YACSA's policy positions are independent and not aligned with any political party or movement and we support the fundamental right of young people to participate in all aspects of community life, particularly decision-making processes that impact them and their lives.

YACSA welcomes the opportunity to respond to the Legislative Council Select Committee Inquiry into the Gig Economy in South Australia.

Economic participation is a priority policy area for YACSA as it affects all young people but especially those experiencing intersecting disadvantage. We know that sustainable economic participation has wide-reaching positive impacts on physical health, wellbeing and mental health as well as influence on future outcomesⁱ. When considering the gig economy, it is vital for the State Government to recognise the context of young people's distinct experiences within the labour market. With secure employment increasingly inaccessible, other compounding factors including disproportionate impacts from global events such as the Global Financial Crisis (GFC) and COVID-19 pandemic and continued policy inaction, it is certain the generational bargain has been broken and this generation will be the first since Federation to have a lower standard of living than their parents.

Key points

- Young people are overrepresented in precarious employment including gig-based work which is typically insecure and paid lower than minimum wage.
- Young people experience short and long-term impacts from gig-based work affecting outcomes in housing, health and economic participation.
- Better support for young workers in precarious employment is needed to ensure young people have safe and secure futures.

Young people in context

Almost 30-years of continuous economic growth experienced in Australia failed to reach young people, and at least since the economic downturn resulting from the GFC in 2008, young people have experienced a labour market vastly different to that of the generations before themⁱⁱ. Young people are consistently overrepresented in unemployment, underemployment and precarious employment and experience fewer employment opportunities, less working hours and lower wagesⁱⁱⁱ. Especially over the last decade, young people have suffered a substantial decrease in full-time employment rates while part-time and precarious rates increased^{iv}. Low wages and a lack of secure employment

and adequate work hours resulted in young peoples' experience of financial insecurity prior to the pandemic, compounded by these issues persisting throughout the pandemic and recovery^v.

Precarious employment that includes a variety of insecure labour arrangements like casual, labour hire, part-time or gig-based work is a substantial and multi-faceted issue in Australia of which 'gig-based work' is a significant factor^{vi}. People in precarious employment often do not receive minimum wage, paid leave entitlements or adequate work-related protections like unfair dismissal or injury compensation. For young people, who are overrepresented in precarious employment, this can limit opportunity to build financial security and reduce long-term career progression^{vii}. As precarious employment has continued to become entrenched in the economy gig-based work has increased, being particularly precarious as it can disguise employment relationships to avoid regulation^{viii}.

Young People in the gig economy

The prevalence of gig-based work among young people is difficult to accurately measure because current labour force data was not developed to recognise it. However, young people are the most likely to partake in gig-based work sourced from digital platforms^{ix} and since the global pandemic almost all young people in Australia have undertaken precarious employment, including in the form of gig-based work^x. Similarly, it is challenging to determine what proportion of young people participating in gig-based work do so on a full-time, part-time or casual basis however recent surveys indicate a large portion of people who engage in gig-based work do so either on a full-time basis or as their main source of income^{xi}.

Young people's experiences of the labour market as well as increasingly limited access to flexibility within service industries like retail and hospitality^{xii} means gig-based work becomes a competitive option, or potentially the only viable option, to earn an adequate income within the context of housing and cost-of-living crises. This is especially relevant since the pandemic, with the majority of young people reporting underemployment during 2022^{xiii}. The businesses that facilitate gig-based work report that it offers independent and flexible work to earn additional income, however, with the labour market circumstances young people now face, as well as the lack of protections available to those employed in gig-based work, this flexibility turns into insecurity, risk and long-term negative consequences for financial security, economic participation, housing and health outcomes^{xiv}.

Impacts of the gig economy

At the current rates of youth unemployment and underemployment and circumstances of the housing and cost-of-living crises, despite challenges in determining the exact number of young people undertaking gig-based work in South Australia, it is reasonable to consider young people are a significant cohort impacted by the gig economy^{xv}. It should also be recognised that vulnerable cohorts of young people, like young people living with a disability, or young people from a refugee or culturally and linguistically diverse background, are more likely to rely on precarious employment through gig-based work to meet their basic needs^{xvi}.

Short-term impacts

Young people are experiencing compounding effects from a series of worldwide events including the GFC and COVID-19 global pandemic that has led them to rely more heavily on various types of precarious employment than previous generations^{xvii}. Vulnerabilities intensified for young people due to a significantly higher reliance on precarious employment put them at greater risk of experiencing unsafe working conditions, exploitative practices and it results in them experiencing substantial barriers to enforcing their basic labour rights^{xviii}. It also results in young people earning less and being unable to meet their basic needs like for housing and healthcare^{xix}. Recent consultation with gig-based workers found almost half cannot afford basic costs of living including rent and food, more

than half reported pressure to take risks at work to be able to earn an adequate income and the majority reported working long hours to try to earn an adequate income^{xx}.

For young people undertaking gig-based work, there is a high likelihood they are unable to afford basic living essentials including food, rent and healthcare^{xxi}. This is concerning as cost-of-living pressure is now the highest risk factor for suicide^{xxii} and suicide is still the leading cause of death for young people in Australia^{xxiii}. Throughout 2022, almost a quarter of young people (aged 18-24 years) experienced food insecurity, more than half went without any food for at least a day due to financial limitations, and the majority were unable to eat healthy foods or needed to eat less than they believe they should^{xxiv}. Young workers also have substantially poorer mental health than older workers^{xxv} and nearly half of young people (45 per cent) report feeling stressed either all of the time or most of the time^{xxvi}. The level of psychological distress experienced by young people in South Australia is higher than the national average with 34 per cent reporting recent experiences of high psychological distress compared to 29 per cent nationally^{xxvii}. Further, almost 20 per cent of young people in South Australia are 'very to extremely concerned' about their financial security compared to 14.4 per cent of young people nationally, while 47 per cent of young people in South Australia are 'very to extremely concerned' about coping with stress compared to 44 per cent of young people nationally^{xxviii}.

Long-term impacts

Attention should be given to young people relying on precarious employment, especially gig-based work, as they are more likely to be affected by the insecurity and low wages of this type of employment including in the long-term^{xxix}. Since the GFC young people have struggled to move from precarious employment and into secure employment that provides an adequate amount of work hours^{xxx}. Gig-based work and the continued expansion of it does not provide opportunities for young people to move into secure employment or provide the means to build financial security, especially in the circumstances of the disproportionate impacts they experience from recent economic downturns as well as housing and cost-of-living crises^{xxxi}. This has significant impacts on employment, housing and health outcomes. Young people within the labour market today face worse employment prospects than previous generations as well as lower wages long-term^{xxxii}. This then impacts on young people's ability to afford housing as they are unable to consider buying a home and instead could experience a lifetime of renting^{xxxiii}. Even more long-term is the economic scarring effect from a career of lower wages from precarious employment and limited superannuation as gig-based workers, who are often classified as independent contractors therefore employers are not required to make contributions to superannuation^{xxxiv}.

Supporting working young people

Young people undertaking gig-based work are at risk. They are at risk of experiencing unsafe working conditions, exploitation and long-term negative outcomes^{xxxv}. Impacts of precarious employment, less working hours and lower wages on the employment outcomes of young people need to be acknowledged^{xxxvi}. Predominantly, the State Government should work with young people to address the disproportionate rates of youth unemployment and underemployment through the development of a comprehensive youth employment strategy that increases secure employment opportunities within the state. Federally legislated protection for workers currently fail to adequately provide protection for young people in gig-based work as the relevant Acts including the *Fair Work Act 2009* (Cth) were implemented prior to increases in gig-based work. Further, state-based legislation targeted at gig-based work can be limited by overriding legislation like the *Independent Contractors Act 2006* (Cth). However, the disproportionately negative impacts and increased risk experienced by young people in gig-based work is predicted to intensify without action^{xxxvii} especially given decisions made by the High Court in 2022 on the interpretation and standard test of employee and independent contractor relationships that will make it more difficult for workers to challenge the categorisation of their employment^{xxxviii}. Despite any limitations, the State Government can provide

support to young people undertaking gig-based work. Primarily, seeking a broader and more inclusive approach to work-based rights and protection that better recognises precarious employment, especially gig-based work, is needed^{xxxix}. Also, previous state governments have recognised the important work of a state-based Young Worker’s Legal Service that supports young people with work-related matters, however, this service is no longer readily available in South Australia.

Youth Affairs Council of South Australia Inc
GPO Box 2117
Adelaide SA 5001
Adelaide SA 5000

(08) 8211 7546
yacsa@yacsa.com.au
www.yacsa.com.au
Level 4, 182 Victoria Square, Tarntanyangga



-
- ⁱ Black Dog Institute 2021, *Modern work: how changes to the way we work are impacting Australians' mental health: White Paper*, Black Dog Institute, Sydney.
- ⁱⁱ O'Keeffe, P, Johnson, B & Daley, K 2022, 'Continuing the Precedent: Financially Disadvantaging Young People in 'Unprecedented' COVID-19 Times', *Australia Journal of Social Issues*, vol. 57, no. 1, pp. 70-87, DOI:10.1002/ajs4.152.
- ⁱⁱⁱ Chester, J & Cuervo, H 2019, 'Adjusting to New Employment Landscapes: Consequences of Precarious Employment for Young Australians', *The Economic and Labour Relations Review*, vol. 30, no. 2, DOI:10.1177/10353-4619832740.
- ^{iv} Productivity Commission 2020, *Why Did Young People's Incomes Decline?: Productivity Commission Research Paper*, Productivity Commission, Canberra.
- ^v O'Keeffe et al, *Continuing the Precedent*
- ^{vi} Carney, T & Stanford, J 2018, *The Dimensions of Insecure Work: A Factbook*, The Australia Institute, Melbourne.
- ^{vii} Chester & Cuervo, *Adjusting to New Employment Landscapes*
- ^{viii} Marmo, M, Sinopoli, E & Guo, S 2023, 'Worker Exploitation in the Australian Gig Economy: Emerging Mechanisms of Social Control', *Griffith Law Review*, vol. 31, no. 2, pp. 171-192, DOI:10.1080/10383441.2022.2076036.
- ^{ix} Senate Select Committee on Job Security 2021, *First Interim Report: On-Demand Platform Work in Australia*, Commonwealth of Australia, Canberra
- ^x Walsh, L, Cordoba, B, Waite, C & Cutler, B 2022, *The 2022 Youth Barometer*, Monash Centre for Youth Policy and Education Practice, Melbourne.
- ^{xi} Mawhinney, S, Lefebvre, M & Reinhard, J 2023 (The McKell Institute) 2023, *Tough Gig: Worker Perspectives on the Gig Economy*, The McKell Institute, Queensland.
- ^{xii} Ruppanner, L, Churchill, B, Bissell, D, Ghin, P, Hydellund, C, Ainsworth, S, Blackhman, A, Borland, J, Cheong, M, Evans, M, Frermann, L, King, T & Vetere, F 2023, *State of the Future of Work Report 2023*, Work Futures Hallmark Research Initiative - The University of Melbourne, Melbourne.
- ^{xiii} Walsh et al, L, *2022 Youth Barometer*
- ^{xiv} Churchill, B, Ravn, S & Craig, L 2019, 'Gendered and Generational Inequalities in the Gig Economy Era', *Journal of Sociology*, vol. 55, no. 4, pp. 627-636.
- ^{xv} Gunn, V, Håkansta, C, Vignola, E, Matilla-Santander, N, Kreshpaj, B, Wegman, D, Hogstedt, C, Ahonen, E, Muntaner, C, Baron, S, Bodin, T & The Precarious Work Research Group 2021, 'Initiatives Addressing Precarious Employment and its Effects on Workers' Health and Well-being: A Protocol for a Systematic Review', *Systematic Reviews*, vol. 10, no. 195, DOI: 10.1186/s13643-021-01728-z.
- ^{xvi} Committee on Job Security, *First Interim Report*
- ^{xvii} Brotherhood of St Laurence 2018, *Part-time Purgatory: Young and Underemployed in Australia*, Brotherhood of St Laurence, Fitzroy.
- ^{xviii} Committee on Job Security, *First Interim Report*
- ^{xix} Walsh et al, *2022 Youth Barometer*
- ^{xx} Mawhinney et al, *Tough Gig*
- ^{xxi} Committee on Job Security, *First Interim Report*
- ^{xxii} Suicide Prevention Australia 2022, *State of the Nation in Suicide Prevention – A Survey of the Suicide Prevention Sector*, Suicide Prevention Australia, Sydney.
- ^{xxiii} Australian Institute of Health and Welfare (AIHW) 2021, *Deaths – Youth*, viewed 9 May 2023, available: <https://www.aihw.gov.au/reports/children-youth/deaths>.
- ^{xxiv} Walsh et al, *2022 Youth Barometer*
- ^{xxv} Ruppanner et al, *State of the Future of Work Report*
- ^{xxvi} Walsh et al, *2022 Youth Barometer*
- ^{xxvii} Leung, S., Brennan, N., Freeburn, T., Waugh, W., & Christie, R 2022, *Youth Survey Report 2022: South Australia Sub-Report*, Mission Australia, Sydney.
- ^{xxviii} *ibid*
- ^{xxix} Committee on Job Security, *First Interim Report*
- ^{xxx} Brotherhood of St Laurence, *Part-time Purgatory*
- ^{xxxi} de Fontenay, C, Lampe, B, Nugent, J & Jomini, P 2020, *Climbing the Jobs Ladder Slower: Young people in a Weak Labour Market: Staff Working Paper*, Productivity Commission Australia, Melbourne.
- ^{xxxii} *ibid*
- ^{xxxiii} Saunders, P, Naidoo, Y & Wong, M 2022, 'The Crumbing Pillar: Assessing the Impacts of Housing Costs on Recent Trends in Poverty and Deprivation in Australia', *International Journal of Social Welfare*, vol. 31, no. 4, pp. 421-432.

xxxiv Mawhinney et al, *Tough Gig*

xxxv Marmo et al, *Exploitation in the Australian Gig Economy*

xxxvi Productivity Commission, *Did Young People's Incomes Decline*

xxxvii Dosen, I & Graham, M 2018, '*Labour Rights in the Gig Economy: An Explainer*', Department of Parliamentary Services, Parliament of Victoria, Melbourne.

xxxviii Murphy, J 2022, '*Regulating the 'Gig' Economy as a Form of Employment*', Parliamentary Library Briefing Book, Parliament of Australia, Canberra, available:

[https://www.aph.gov.au/About Parliament/Parliamentary departments/Parliamentary Library/pubs/BriefingBook47p/GigEconomy](https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/pubs/BriefingBook47p/GigEconomy).

xxxix Marmo et al, *Exploitation in the Australian Gig Economy*