



Brotherhood
of St Laurence

BARELY WORKING

YOUNG AND UNDEREMPLOYED IN AUSTRALIA

SEPTEMBER 2014

It's the great untold story of the current youth jobs crisis: youth unemployment in Australia has risen sharply but so has youth underemployment.

Today, young people are more likely to be underemployed – to have some work but want more hours – than at any time in the last 36 years. With the unemployment rate among those aged 15 to 24 at July 2014 standing at 14.1 per cent – itself the highest rate since October 2001 – young Australians are facing a dual assault on their aspirations for the future as they negotiate the modern economy...

My Chance, Our Future
**YOUTH EMPLOYMENT
CAMPAIGN**

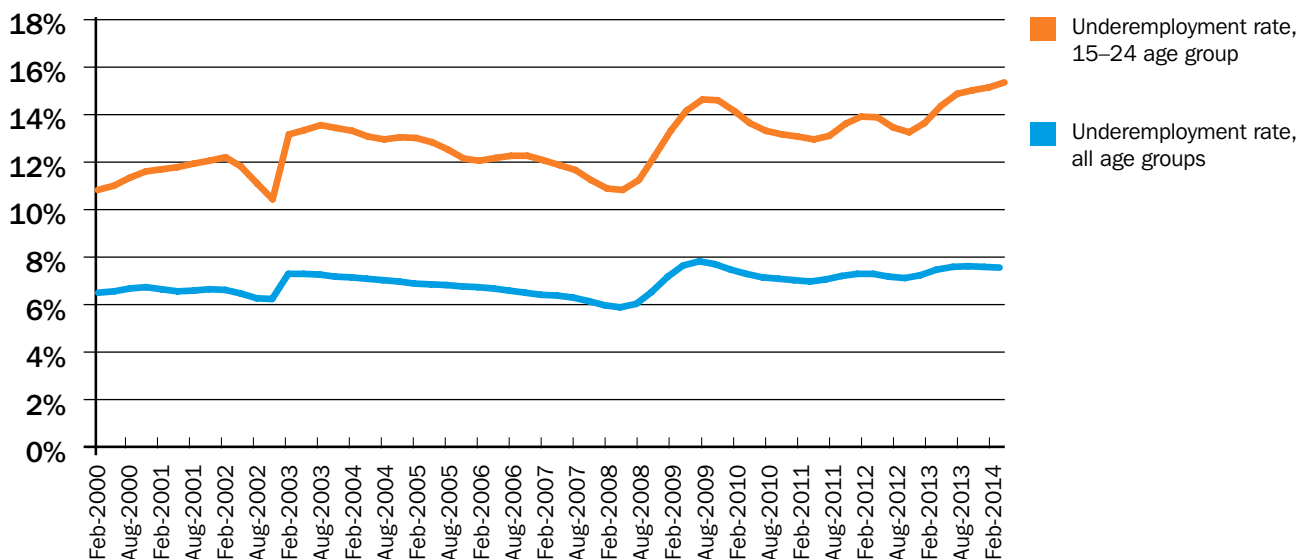
TREND ANALYSIS: The bad news about youth and underemployment

Presently, there are more than 310,000 people aged 15 to 24 who are underemployed in Australia. When you add the numbers who are without any work, more than a quarter of 15 to 24 year olds in the labour market – that is, more than 580,000 young Australians – are either underemployed or unemployed.

Figure 1 shows the rate of underemployment for the 15–24 age group and for the overall employed population from February 2000 to May 2014. The proportion of employed people between 15 and 24 years of age who are underemployed is now twice that among the overall working-age population.

The graph also shows an upward trend in underemployment among young workers, which accelerated after the global financial crisis (GFC) in 2008. By May 2014, more than 15 per cent of workers in the 15–24 group were underemployed – the highest rate since this ABS data series started in 1978, when the rate stood at 3.1 per cent.

Figure 1: Underemployment rate (%), 15–24 year olds and all ages, February 2000 to May 2014



Source: ABS Labour force, Australia, July 2014 (cat. no. 6202.0), Table 22, trend estimates.

Underemployed people comprise part-time workers who would prefer to work more hours in the reference week or in the four weeks following the survey, and full-time workers who worked part-time hours in the reference week for economic reasons (e.g. being stood down or insufficient work being available).

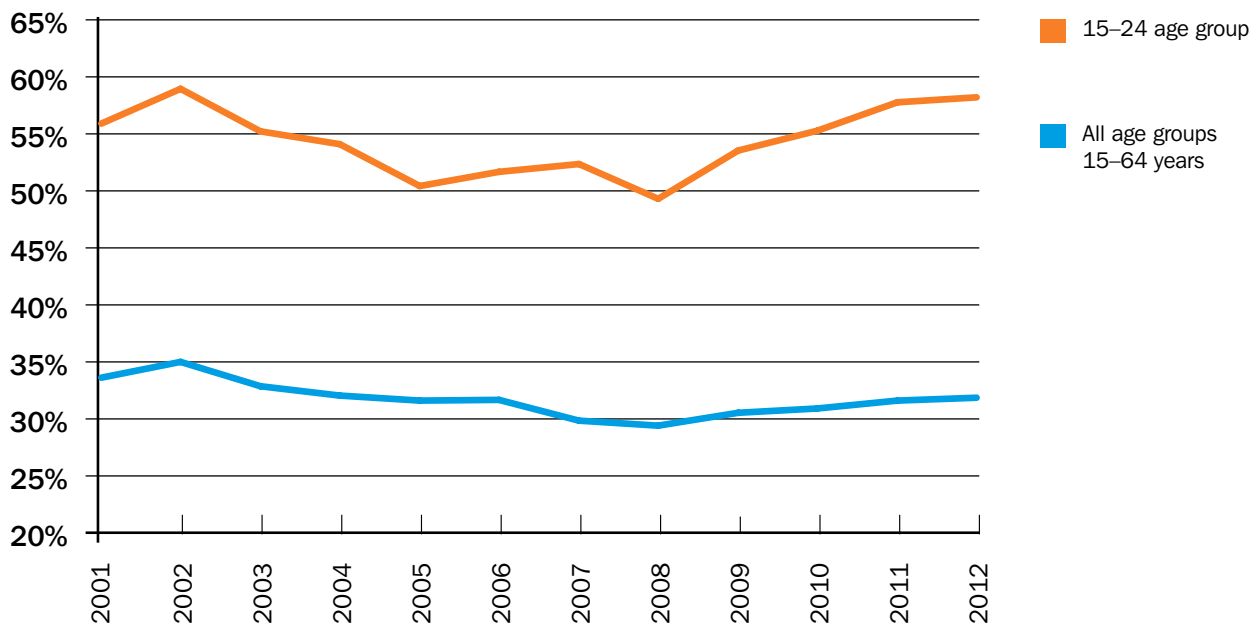
TOO FEW YOUNG WORKERS IN PERMANENT JOBS

Young people in the workforce are more likely to be underemployed because of the types of jobs open to them. In particular they are more likely to be in non-permanent jobs than other age groups.

Figure 2 compares the proportion of employed 15 to 24 year olds who are employed on casual or fixed-term contracts with that of all workers aged 15 to 64. For every year between 2001 and 2012 except 2008 the proportion of employed youth with a non-permanent contract was more than 50 per cent, well above the proportion for all workers, which ranged between 30 and 35 per cent.

The gap has widened since the GFC as the proportion of young employees in precarious jobs has grown faster than for any other age group. This suggests a serious deterioration in the employment conditions of many young people, who face increasing difficulty in finding secure employment.

Figure 2: Proportion of workers with non-permanent contracts (%), 15–24 year olds and all ages 15–64, 2001 to 2012



Source: Author's computations based on HILDA survey, release 12.

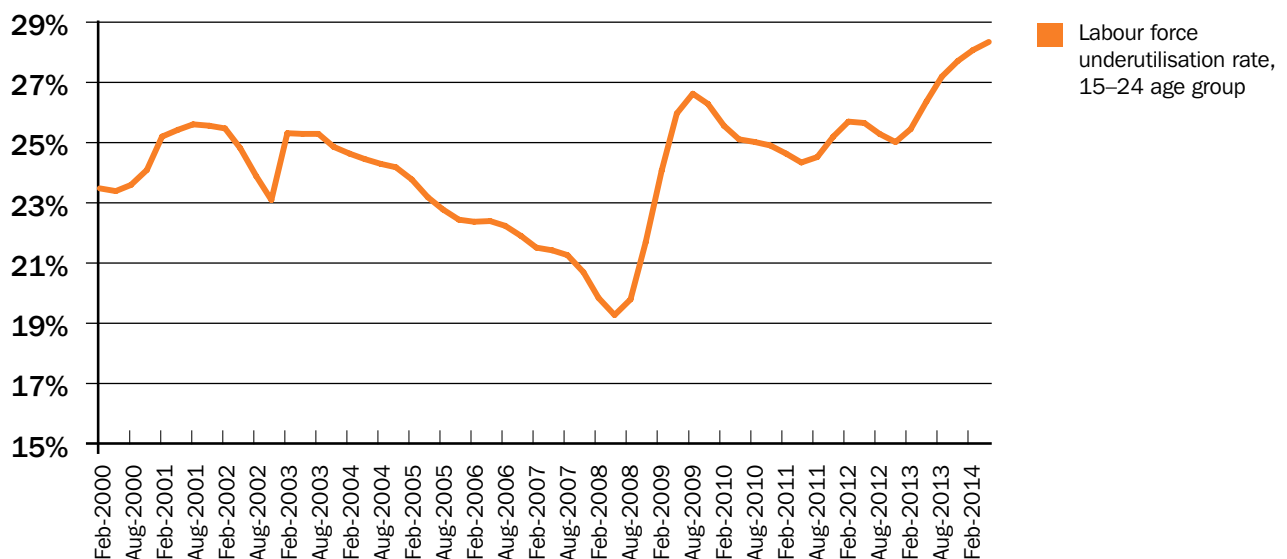
KEY INDICATOR: Labour underutilisation nears historic high

The labour force underutilisation rate is a measure that combines the numbers of the unemployed and the underemployed, as a proportion of the labour force. It is another revealing indicator of the scale of the problem facing young people seeking work today.

As **Figure 3** shows, the GFC was a turning point in the trend of underutilisation of the youth labour force in Australia. By May 2014 the underutilisation rate for the 15–24 age group had risen steadily to 28 per cent, close to the historic high of 30 per cent reached in the early 1990s.

This indicates that more than a quarter of the young Australians in the labour force are either unemployed or working fewer hours than they would like. The GFC ushered in a period of tighter labour markets and limited job opportunities – especially for younger people.

Figure 3: Labour force underutilisation rate (%), 15–24 year olds, February 2000 to May 2014



Source: ABS Labour force, Australia July 2014 (cat. no. 6202.0), Table 22, trend estimates.

Labour force underutilisation is defined as the sum of the number of persons unemployed and the number of persons in underemployment, expressed as a proportion of the labour force.

THE HUMAN COSTS OF UNDEREMPLOYMENT

While young people today are negotiating a more complex world than their parents and grandparents, their aspirations are surprisingly similar. They want and need the most basic things: a home, a job, relationships and a decent income. In Australia, these are understood to be utterly mainstream ambitions.

Yet for an increasing number of young people these goals are fast becoming elusive. The pool of entry-level jobs available to young people is diminishing and the jobs they can get are increasingly casual, temporary or part-time. These insecure roles are also more vulnerable to being axed and less likely to offer career development, opportunities and training.

Tinkering with welfare policy, while ignoring the realities of the new risks and opportunities present in our modern economy, is not going to provide an answer to the dual challenges of youth underemployment and unemployment.

The 580,000 young people identified in this paper are at risk of becoming a lost generation. Quite apart from their economic value to the labour market, as a society we can't afford to waste their broader potential.