



Brotherhood  
of St Laurence

# **GENERATION STALLED** **YOUNG, UNDEREMPLOYED** **AND LIVING PRECARIOUSLY** **IN AUSTRALIA**

MARCH 2017

Young Australians face a much more brutish job scenario than their parents or grandparents ever faced. Along with high rates of youth unemployment, they are also negotiating the threat posed by underemployment – which has now become an entrenched feature of the youth labour market.

*My Chance, Our Future*  
**YOUTH EMPLOYMENT**  
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## GENERATION STALLED

The youth unemployment rate for 15–24 year olds has remained stubbornly high since the global financial crisis (GFC), a profound economic ruction which has cast a near decade long shadow on the prospects of youth in many developed nations. Australia has been far from immune, and increasingly unemployment rates tell only part of the story of young people’s more fraught experience of entering the workplace today compared with generations past.

In total more than 650,000 young people were unemployed or underemployed – defined as having some work but wanting more hours – in February 2017.

Precarious employment is hindering the capacity of many young people, especially those without qualifications and skills, to build satisfying and productive adult lives, as the pathways that were open to their parents appear to have stalled. Our analysis, drawing on data from the Australian Bureau of Statistics (ABS) and the Household, Income and Labour Dynamics in Australia (HILDA) Survey, confirms disturbing trends:

- ▶ Underemployment, at 18 per cent of the youth labour force (February 2017), is the highest in the 40 years since the count officially began. The challenge now affects even more young people than unemployment, currently at 13.5 per cent.
- ▶ Young people are far more likely to be in casual and part-time jobs than at the beginning of this millennium.
- ▶ In the past 15 years the average gap has widened between the actual working hours of young underemployed people and the hours they would like to work.
- ▶ The growing number of young people combining study with work does not explain the rise in underemployment, as the rise in the percentage of casual and part-time jobs has mostly been among young workers who are not studying.

## DUAL THREATS: UNDEREMPLOYMENT AND UNEMPLOYMENT

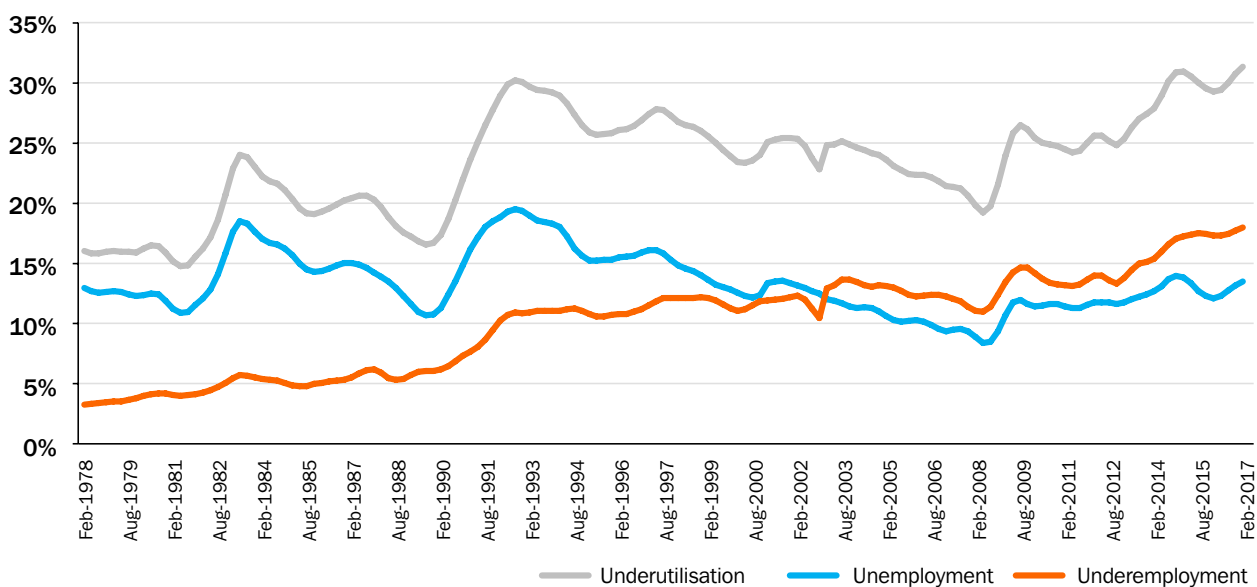
Considering both the unemployment rate and the underemployment rate – combined they are known as the underutilisation rate – gives us more information about young workers’ experience in the labour force. People are underemployed when they work part time but want more hours, or are usually full time but currently part time, for example because they have been stood down owing to insufficient work (ABS 2017, p. 46).

Figure 1 below shows the underutilisation rate of the youth labour force (15–24 years of age) from 1978 to 2017. By February 2017 the rate was 31.5 per cent, the highest in almost 40 years and above the level of the recession of the early 1990s. Looking at the unemployment and underemployment rates separately, in February this year the rate of unemployment for young people in the labour force was 13.5 per cent, while an even bigger group – 18 per cent – was underemployed. These rates are well above the levels in the months preceding the GFC when the unemployment and underemployment rates were below 10 per cent and 11 per cent, respectively.

Figure 1 also shows that the contributions of unemployment and underemployment to overall youth underutilisation have changed markedly since 1978. In the 1980s and 1990s unemployment was more prevalent in the youth labour force. Since 2003, underemployment is more common.

As of February 2017, an estimated 282,000 young people are unemployed and 377,000 people are underemployed, so in total 659,000 young Australians either do not have any work, or have some work and want more.

**Figure 1: Youth underutilisation and its components in Australia, February 1978 to February 2017**



Source: ABS 2017, *Labour force Australia*, February 2017, Cat. no. 6202.0, Table 22, trend data.

## INSECURE JOBS ON THE RISE

Profound changes in the labour market in recent decades include the rapid growth in insecure and non-permanent jobs. This growth in employment is in part-time rather than full-time positions and in service industries such as health care and professional services rather than in the manufacturing, clerical and administrative sectors, as has been documented elsewhere (Borland 2011; Productivity Commission 2015; Wilkins & Wooden 2014).

Although these changes affect people of all ages in the workforce, young people, having little or no working experience, are more likely than other groups to work in non-permanent jobs.

Using data from the HILDA Survey, Table 1 shows the employment conditions of jobs held by young workers aged 15–24 from 2001 to 2014 and reveals a marked increase in the proportion of young workers in part-time jobs, reaching nearly 61 per cent in 2014. This is almost 15 percentage points higher than the low for this period of 46 per cent in 2008, just before the GFC.

Many believe that the growing number of young people who combine studies with employment could at least partially explain the increase in youth underemployment. However Table 1 shows that, while the proportion of students working part time in 2014 was similar to that just before the GFC, the percentage of young non-student workers who are employed part time rose more than 12 percentage points from the low before the GFC.

Similarly, the increase in the proportion of all young workers in casual jobs since the GFC has been largely among those who are not studying. By 2014 the proportion of non-students in casual jobs was 39.3 per cent, the highest of the period. In contrast, the proportion of casual workers among students has fallen in recent years.

The diverging trends for non-student and student workers are also reflected in the change in the type of employment contract held by the two groups. The prevalence of permanent contracts among non-student workers has fallen since 2008, from 63 per cent in 2008 to 53 per cent in 2014, while the proportion of student workers on a permanent contract is at a level similar to those before the GFC.

**Table 1: Employment conditions of youth aged 15–24 in Australia, 2001–2014**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>% in part time jobs</b>														
All	50.4	52.5	53.8	52.6	49.5	50.4	49.5	46.3	50.9	48.4	56.6	56.8	60.7	60.8
Students	90.7	92.7	93.7	95.0	90.7	89.6	88.8	86.8	89.6	88.9	88.3	88.4	90.9	88.8
Non-students	26.5	26.3	29.2	27.1	24.6	27.6	25.1	23.3	27.2	23.5	29.5	31.8	34.4	35.9
<b>% in casual jobs</b>														
All	53.7	55.9	54.5	54.4	50.0	51.6	50.3	48.5	50.3	51.1	56.1	55.1	57.6	57.0
Students	81.7	87.0	84.9	84.6	80.7	81.3	81.5	78.9	78.7	81.0	78.8	78.4	78.5	76.6
Non-students	37.0	35.4	35.7	35.6	30.9	34.1	30.6	30.9	32.4	32.2	36.6	36.1	39.1	39.3
<b>% on permanent contracts</b>														
All	40.2	38.0	41.5	43.5	46.7	44.8	44.7	47.7	43.0	41.1	38.5	39.0	38.1	37.4
Students	11.9	11.5	15.7	16.8	20.4	18.8	18.2	21.6	17.8	17.0	17.4	19.2	20.1	19.9
Non-students	57.0	55.5	57.3	60.2	63.1	60.1	61.4	62.8	58.9	56.4	56.6	55.0	54.1	53.2

Source: HILDA data wave 14

## RISE IN EXTRA HOURS THAT UNDEREMPLOYED YOUTH WANT TO WORK

Not only has underemployment increased in recent decades among young people in the labour force, but also the average gap has widened between their actual working hours and the hours they would like to work. Table 2 shows that the gap increased from an average of 1.8 preferred extra hours for all underemployed young workers in 2001 to 3.1 preferred extra hours in 2014. Again, the increase is more marked for non-student workers than for student workers.

**Table 2: Volume measure of underemployment of youth aged 15–24 in Australia, 2001–2014**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Additional hours preferred (average)</b>														
<b>All</b>	1.8	2.0	2.6	1.9	2.1	2.4	1.8	1.9	2.5	2.0	2.7	2.6	2.9	3.1
<b>Students</b>	2.3	2.6	2.6	2.2	2.6	2.7	2.6	1.8	3.0	1.8	2.7	2.6	2.7	2.8
<b>Non-students</b>	1.6	1.6	2.6	1.7	1.8	2.2	1.3	1.9	2.2	2.2	2.7	2.6	3.1	3.3

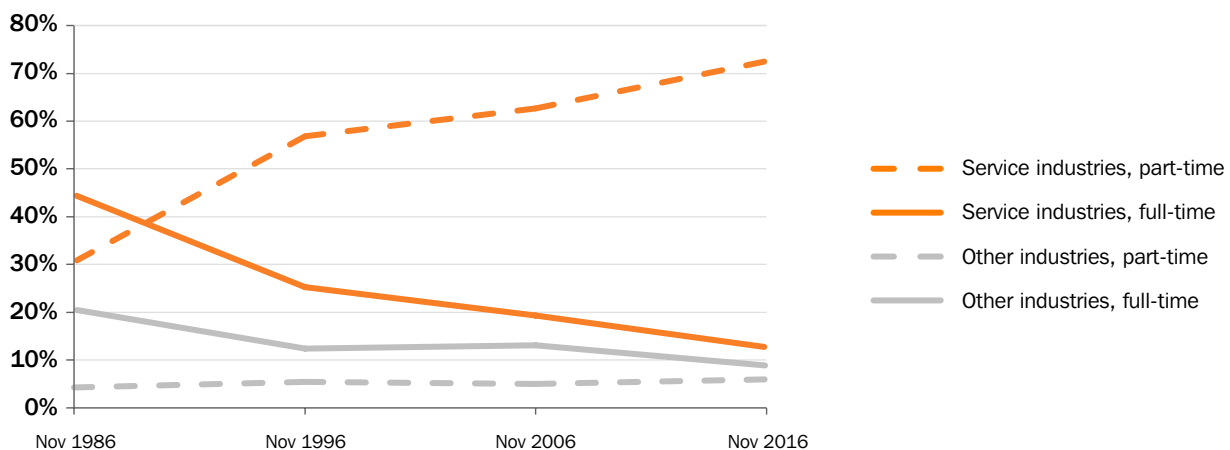
Source: HILDA data wave 14

## EXPANSION OF SERVICE JOBS

The industries in which young people work have changed dramatically in the past 30 years, analysis of ABS data on employment shows. Figures 2 and 3 show the proportion of young workers in the 15–19 and 20–24 age groups who work full-time and part-time in service industries such as retail, accommodation, financial services, health care, education and telecommunications, compared with other industries including agriculture, manufacturing and construction.

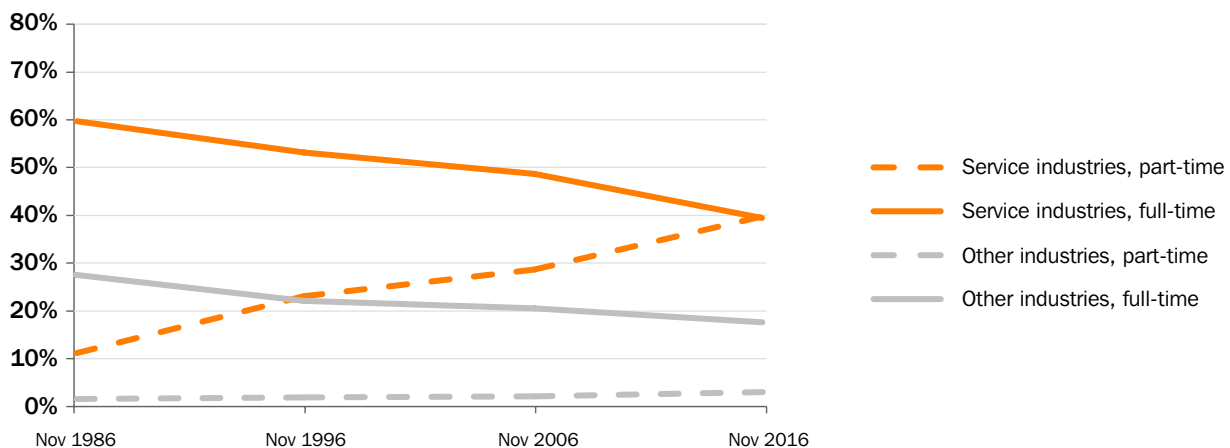
In both age groups, the percentage employed in service jobs has risen sharply since the 1980s, in part-time positions. In 1986 about 30 per cent of 15–19 year old workers and 10 per cent of 20–24 year old workers were working part time in service industries. By 2016 these figures have risen to about 70 per cent for 15–19 year old workers and 40 per cent of 20–24 year olds. Parallel to this increase in part-time jobs there was a general decline in the proportion of young workers working full-time, across service and non-service industries and in both age groups.

**Figure 2: Percentage of 15–19 year olds employed in service and other industries, part-time and full-time**



Source: ABS 2016, *Labour force Australia, detailed, quarterly, November 2016*, Cat. no. 6291.0.55.003, data cube EQ12 Employed persons by age and industry division of main job (ANZSIC), November 1984 onwards.

**Figure 3: Percentage of 20–24 year olds employed in service and other industries, part-time and full-time**



Source: ABS 2016, *Labour force Australia, detailed, quarterly, November 2016*, Cat. no. 6291.0.55.003, data cube EQ12 Employed persons by age and industry division of main job (ANZSIC), November 1984 onwards.

## Note

This paper uses unit record data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey. The HILDA Project was initiated and is funded by the Australian Government Department of Social Services (DSS) and is managed by the Melbourne Institute of Applied Economic and Social Research (Melbourne Institute). The findings and views reported here, however, are those of the authors and should not be attributed to either DSS or the Melbourne Institute.

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