



Brotherhood
of St Laurence

PART-TIME PURGATORY

YOUNG AND UNDEREMPLOYED IN AUSTRALIA

DECEMBER 2018

Being young, even in one of the most prosperous nations in the world, isn't what it used to be.

Negotiating adulthood in the 21st century, young Australians in their early 20s face a unique set of threats their parents and grandparents simply could not conceive of.

In September, Australia entered its 28th year of continuous economic growth but youth unemployment remains high and more than double the rate of overall unemployment. It's the emergent threat of youth underemployment, however, that shows how the linear path to adulthood has shifted for many more young people, and pathways have become ever more uncertain.

In 2018, young Australians are far more likely to work part-time than 40 years ago. It is estimated that in October 2018 more than 550,000 young people aged 20 to 24 are working part-time. And, notably, this change is not because they are studying full-time. Indeed, in October 2018 more than one in three employed young women and around one in five young employed men, aged 20 to 24, who were not in full time education were working in part-time jobs. This equates to more than 260,000 young people who are not full-time students, are employed but only have part-time jobs.

This suggests a powerful reshaping of Australia's youth labour market over the past four decades, accelerated by the economic downturns in the 1990s and, more recently, during the 2008 global financial crisis. The long-term shift away from stable, full-time employment and into part-time work ushers in a disturbing era of insecurity for Australia's emerging generation: for tens of thousands of young Australians, their first 'real' job is likely to be a survival job—and a part-time one at that.

The lack of working hours and good stable jobs early in adult life can lead to economic insecurity in the short term, and fewer opportunities for economic and social advancement in the long term, as workers are unable to gain the experience and build the skills necessary for fruitful, productive working lives.

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

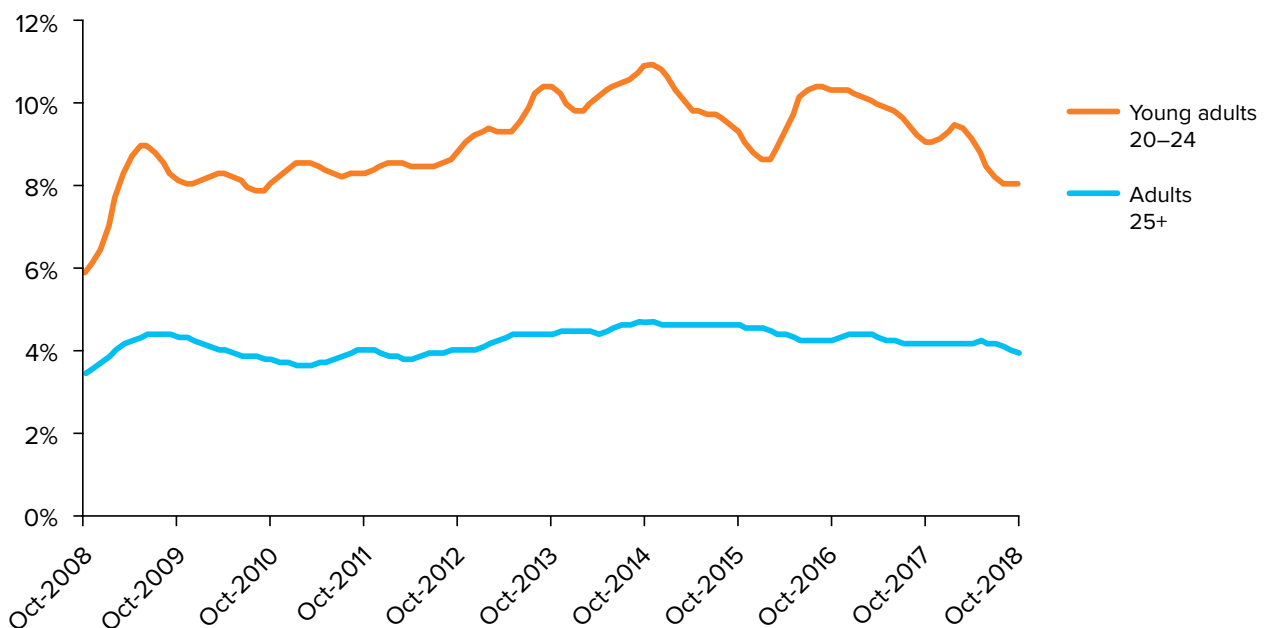
YOUTH UNEMPLOYMENT REMAINS STUBBORNLY HIGHER THAN BEFORE THE GFC

Recent unemployment figures released by the ABS would seem to indicate a strong labour market, with overall unemployment steady at around 5 per cent. Yet the prosperity bonanza has not reached young people looking for work, especially those with lower education and skills.

Youth unemployment has come off the post GFC peaks, but remains relatively high at 11.2 per cent for 15–24 year olds (ABS trend figures). This report further probes the situation of young people aged 20 to 24, for whom the unemployment rate is 8 per cent, compared with 3.9 per cent for those aged 25 and over (October 2018).

Figure 1 shows the unemployment rates by age for those aged 20 to 24 and those aged 25 and over, for the last decade.

Figure 1: Unemployment rates for 20–24 and 25+ age-groups, 2008 to 2018



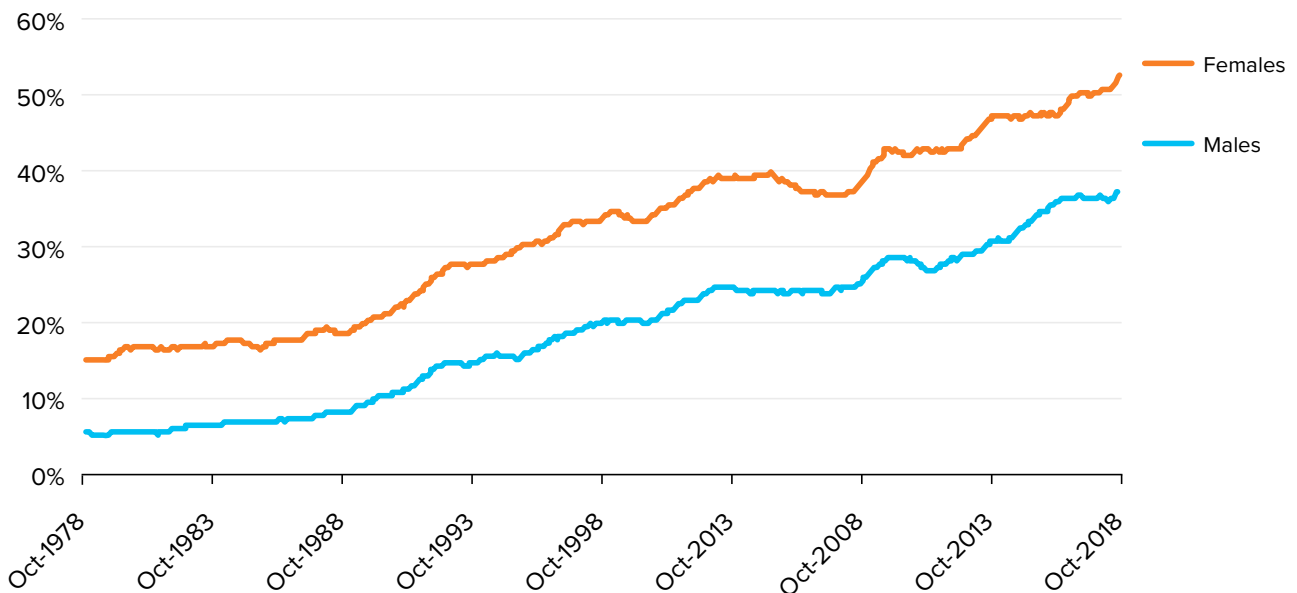
Source: ABS Labour force October 2018, Cat. no. 6202.0. Tables 1, 13 and 17. Trend data

PART-TIME WORK SURGES

Young people aged 20 to 24 are far more likely to work part time compared with 40 years ago. In 1978, less than 10 per cent of 20–24 year olds who had a job worked part time. In October 2018, this figure has risen to over 44 per cent.

Figure 2 shows that part-time work has become more common among both young men and young women workers.

Figure 2: Part-time employment as a share of total employment for 20–24 year-olds



Source: ABS Labour force October 2018, Cat. no. 6202.0. Table 22. Original data

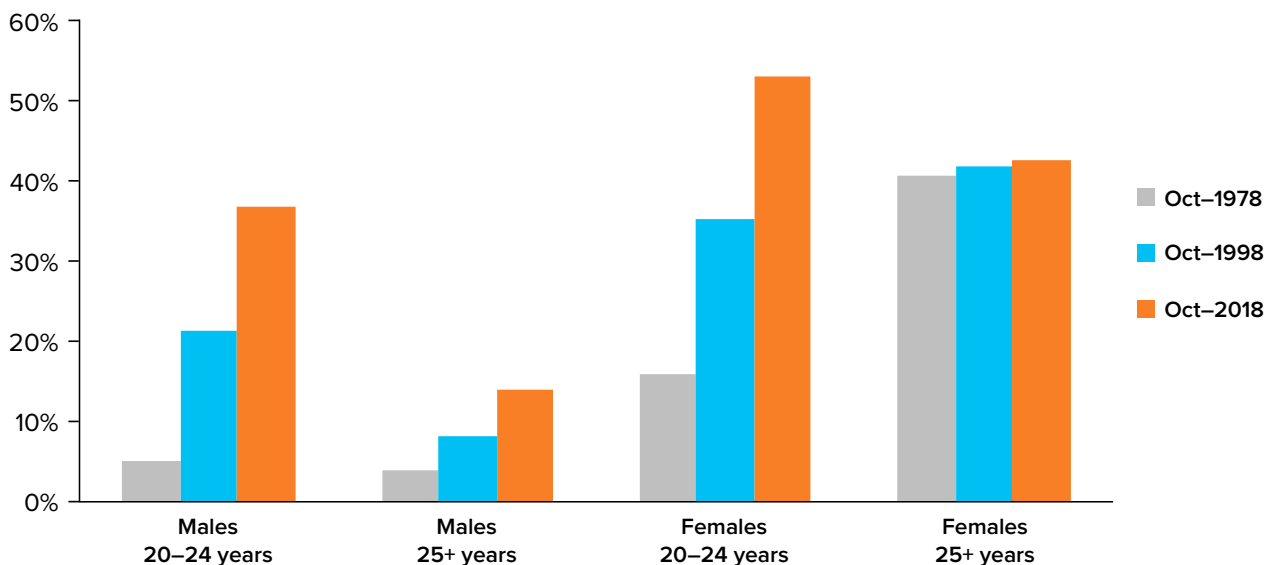
Note: Calculations of 12-month moving averages

Young people are also more likely to work part time than older working age groups today. Among adults 25 years and over, around 16 per cent of those who had a job in 1978 worked part time and this share rose to just over 27 per cent in October 2018.

These changes have been somewhat different for women and men (Figure 3). Among young women aged 20–24, 53 per cent who had a job were working part time in October 2018—a marked increase from just 15.8 per cent in 1978. For young men who had a job, 36.7 per cent worked part time in 2018, compared with 5.2 per cent in 1978.

Over the 40 years there was little change for working women aged 25 years and over—42.6 per cent in part-time work in 2018 compared with 40.7 per cent in 1978. However, the proportion of men aged 25 years and older in employment who are part-time has increased over the same period, up to 13.8 per cent in October 2018, compared with 3.9 per cent in 1978.

Figure 3: Part-time employment as a share of total employment for 20–24 and 25+ age groups



Source: ABS Labour force October 2018, Cat. no. 6202.0. Table 22. Original data

While some young people take up part-time work by choice (for example, when they are also studying), others can only find part-time or casual jobs that do not provide an adequate or secure income.

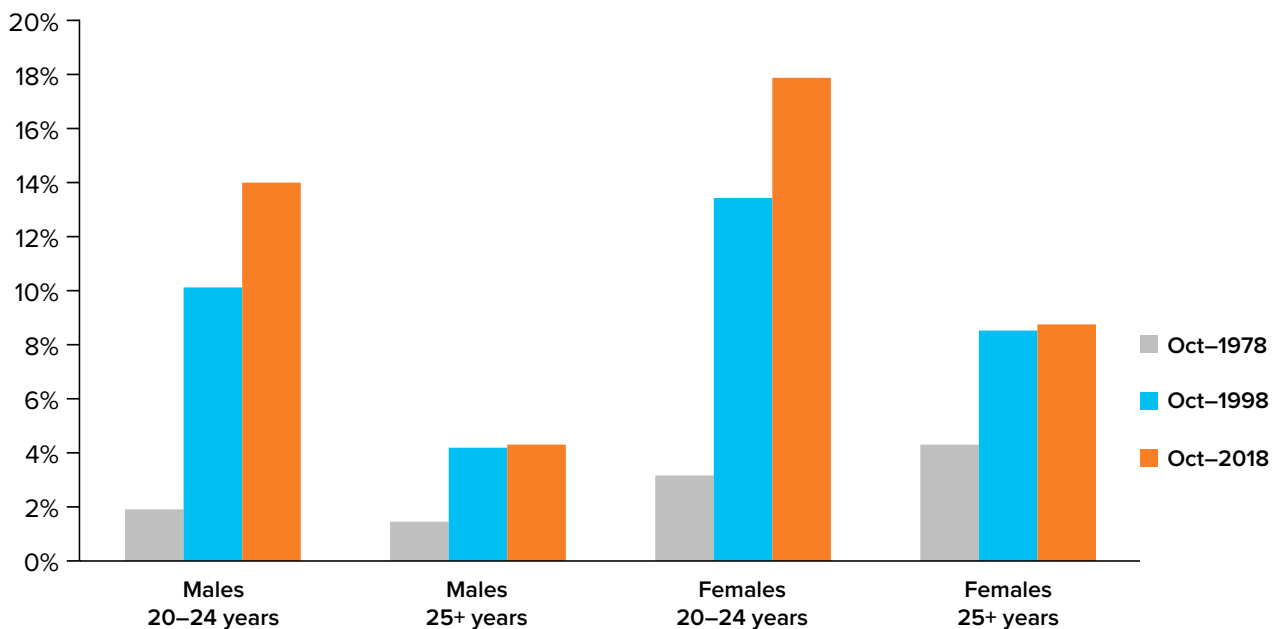
YOUNG PART-TIMERS OFTEN WANT MORE HOURS OF WORK

Underemployment refers to having part-time work but wanting more hours. This undermines young people’s ability to build strong financial foundations, and can have both short and longer term impacts on their economic security. Underemployment rates (as a percentage of the labour force) remain at historically high levels, despite recent growth in both full and part-time employment.

Underemployment has risen across the labour force, but more steeply for 20–24 year olds than those 25 and over, and more for women than men (see Figure 4). In October 2018, 15.9 per cent of workers aged 20–24 were underemployed compared with only 2.4 per cent in 1978. Among young women workers aged 20–24, 17.9 per cent of reported being underemployed, compared with only around 3.2 per cent 40 years ago. The underemployment rate of young men who are working is 14 per cent in October 2018, compared with 1.9 per cent 40 years ago.

While underemployment among workers aged 25 and over has doubled for women over the past 40 years and tripled for men, much of this change occurred during the 1980s and 1990s. For these groups, underemployment has been relatively steady in the 10 years since the GFC. By contrast, underemployment has continued to grow markedly for young people aged 20 to 24, rising from just 9.1 per cent in October 2008 to almost 16 per cent in October 2018.

Figure 4: Underemployment as a share of total employment for age-groups 20–24 and 25+



Source: ABS Labour force October 2018, Cat. no. 6202.0. Table 22. Original data

GROWTH IN PART-TIME WORK AND UNDEREMPLOYMENT REFLECTS ECONOMIC CHANGES

The growth in part-time employment and underemployment reflects the shift towards a service economy. This has been concentrated in certain occupations, particularly among those who work in community and personal services—which includes hospitality workers, beauty therapists, fitness trainers, child carers, security guards and personal care workers—sales workers and labourers. The other major occupational groups—managers, professionals, technicians and trades workers, clerical and administrative workers and machinery operators and drivers—have not experienced such major change. Among 20–24 year olds, part-time employment in community and personal services more than doubled over the 20 years, while full-time jobs only increased by one-third, according to ABS occupational data.

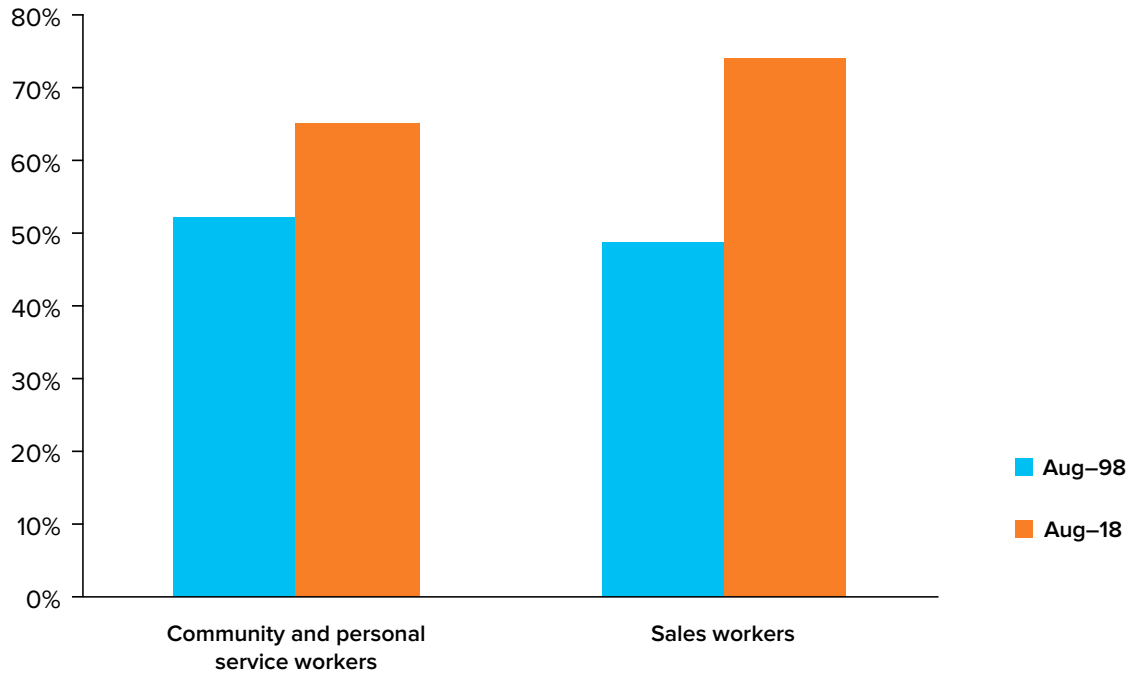
Jeff Borland from the University of Melbourne has reported that three industries—retail trade; accommodation and food services; and health care and social assistance—account for almost half of the overall within-industry increase in the share of part-time employment.

Employment growth in the health care and social assistance sector has been relatively strong over the past 20 years. In the five years to August 2018 the sector grew 22.2 per cent and it is predicted to grow 14.9 per cent in the next five years (DJSB Labour Market Infor Portal 2018). While 20–24 year olds have participated in this growth, the jobs have been mostly part-time. Overall, 44.9 per cent of employees in health and social assistance are part time and 79.5 per cent are female.

Turning to retail trade, another sector where many young people are employed, employment growth in the five years to August 2018 was a smaller 3.6 per cent and is predicted to grow at a similar rate in the next five years. Half of employees work part time (50.8 per cent), and 55.4 per cent are female. In sales work, part-time jobs also more than doubled, but full-time jobs fell by a quarter.

Figure 5 shows the increase in the share of part-time work for young workers in two key occupations where the growth in part-time work has been concentrated.

Figure 5: Part-time employment as a share of total employment in two key sectors, 20–24 year olds, 1998 and 2018

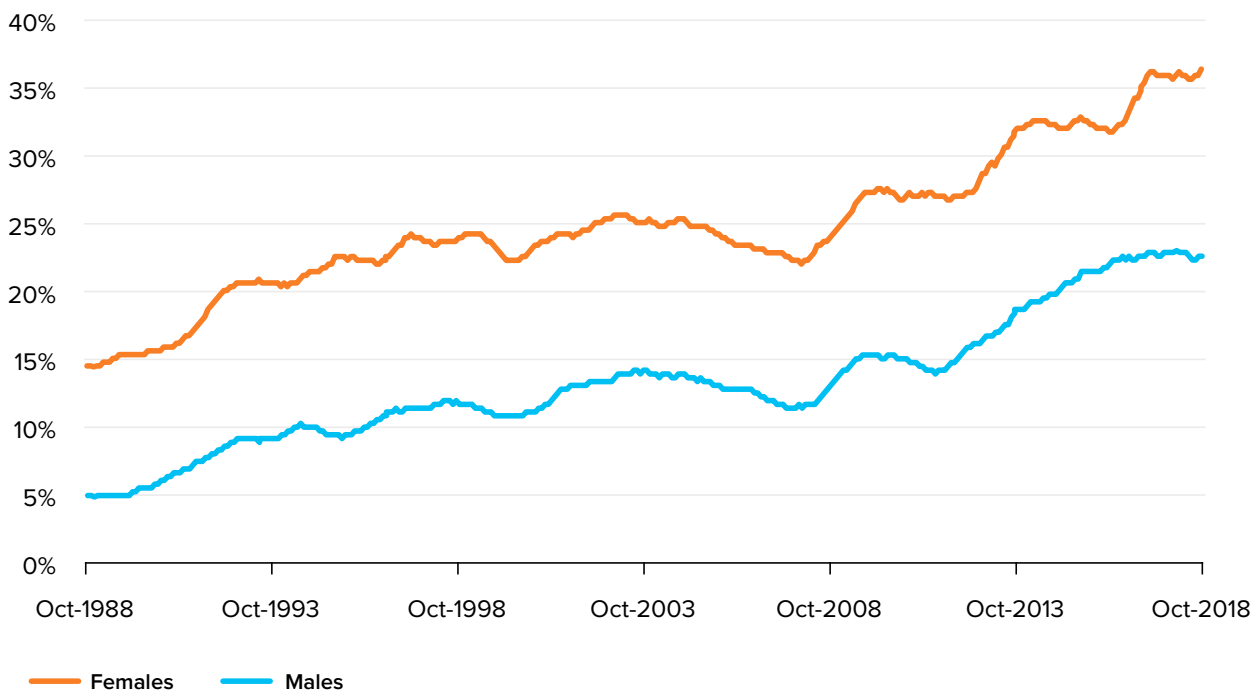


Source: ABS 2018, Labour force, detailed, quarterly, August, Cat. no.6291.0.55.003, Data cube EQ13 – Employed persons by age and occupation major group of main job (ANZSCO).

YOUNG PEOPLE WORK PART-TIME EVEN IF THEY ARE NOT IN FULL-TIME EDUCATION

Young people often work part-time even if they are not occupied with full-time study. In October 2018, ABS data show that 36 per cent of employed women and 23 per cent of employed men aged 20–24 who were not enrolled full time in education worked only part time. The overall proportion is 30 per cent. Furthermore, there has been a large increase in the proportion of this group of young people who are working part-time hours since 2011, even after the worst effects of the GFC had supposedly dissipated (Figure 6).

Figure 6: Percentage of employed 20–24 year olds not enrolled in full-time education working part time



Source: ABS 2018, Labour force, Australia, detailed, electronic delivery, October 2018, Cat. No. 6291.0.55.001, Data cube LM3 – Labour force status for 15–24 year olds by age, educational attendance (full-time), sex and year left school, Table 1.
Note: Calculations using 12-month moving averages

This increase in part-time work is not simply due to increasing employment, as the ratio of employment to population for this group remained relatively stable over the same period.

It also seems unlikely that changing preferences to working fewer hours could account for the rise in part-time work for youths, given the high underemployment rates reported in the Melbourne Institute's Household, Income and Labour Dynamics in Australia (HILDA) Survey (Wilkins & Lass 2018). This survey has been following the same group of Australians since 2001.

Borland observed that 'The growth in under-utilisation of young workers seems most likely to have been concentrated among non full-time students'. He noted that this suggests that young people's transition from education to the workforce increasingly entails a period of part-time employment (and sometimes employment in an industry unrelated to their qualifications).

PART-TIME WORK ISN'T NECESSARILY A STEPPING STONE TO FULL-TIME WORK

The most recent analysis of HILDA survey data across 16 years finds that people who are underemployed do not necessarily move quickly into full employment (that is, either full-time work, or their desired number of hours). Slightly more than half (53 per cent) of the HILDA survey subgroup moved from underemployment to full employment in one year. After that, fewer and fewer made that transition each year.

In the period 2001–2016, for those moving from being out of the labour market or unemployed, men aged 18–64 years were more likely to gain full-time employment, while in most years women generally moved into part-time employment. The HILDA analysis suggests a change following the GFC, with a large increase in people who were unemployed or not in the labour force at all moving into part-time employment.

Other research on youth labour market outcomes (Marks 2017) suggests that having previously only worked part-time is only modestly helpful for securing full-time work, though of course it is better than having no recent work experience at all.

For young men and women who are only starting to build their lives, the consequences of underemployment and part-time employment, especially if it is prolonged, are potentially serious for their long-term employment pathways and economic security.

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