



Brotherhood
of St Laurence

REALITY BITES
AUSTRALIA'S YOUTH
UNEMPLOYMENT IN
A MILLENNIAL ERA

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My Chance, Our Future
YOUTH EMPLOYMENT
CAMPAIGN

REALITY BITES

It seems counter-intuitive to the very idea of ‘youth’ itself, to be young and designated long-term unemployed. But this is the reality that bites 50,500 Australians aged 15 to 24 who have spent a year or more hunting for an elusive job in a labour market that remains challenging for the millennial generation.

Amid a spate of recent headlines heralding that overall unemployment is falling, the situation for Australia’s young people is considerably more fragile: 267,000 aged 15 to 24 are unemployed. The youth unemployment rate in October 2017 sat at 12.4 per cent (trend rate)¹. This is still more than double the overall unemployment rate of 5.5 per cent, although below this century’s peak of almost 14 per cent youth unemployment in 2014.

The disruptive impact of the 2008 global financial crisis remains a defining event in the trajectory of Australia’s youth unemployment story.

Youth unemployment – persistently high in the long wake of the GFC – is stifling the progress of too many young Australians as they attempt to make their transition to independent adulthood.

The subset of young people who are long-term unemployed presents as a particular concern, trending upwards since the GFC. Remarkably, long-term youth unemployment represented 18.4 per cent of all young unemployed 15–24 year olds in September 2017 – almost one in five.

Using data from the longitudinal Household Income and Labour Dynamics in Australia (HILDA) survey, we also fact-checked the proposition promulgated in some quarters that higher unemployment rates for young people could in part be due to their being less active in looking for work. Our analysis showed, however, that unemployed youth have consistently undertaken just as wide a range of job search activities as unemployed people aged 25 and over.

Blaming young unemployed people for their predicament is simply not supported by the facts.

¹ The youth unemployment rate is a measure of the 15–24 year olds in the labour force who are unemployed.

LONG-TERM UNEMPLOYMENT PERSISTS

Beyond the higher risk of unemployment for young people, the number experiencing long-term unemployment demonstrates the barriers faced by young jobseekers in the labour market at the very start of their working lives.

Figure 1 shows the number of individuals in the 15–24 years age group who had been unemployed for a year or more – so were long-term unemployed – from January 2000 to September 2017 (the most recent figures available).

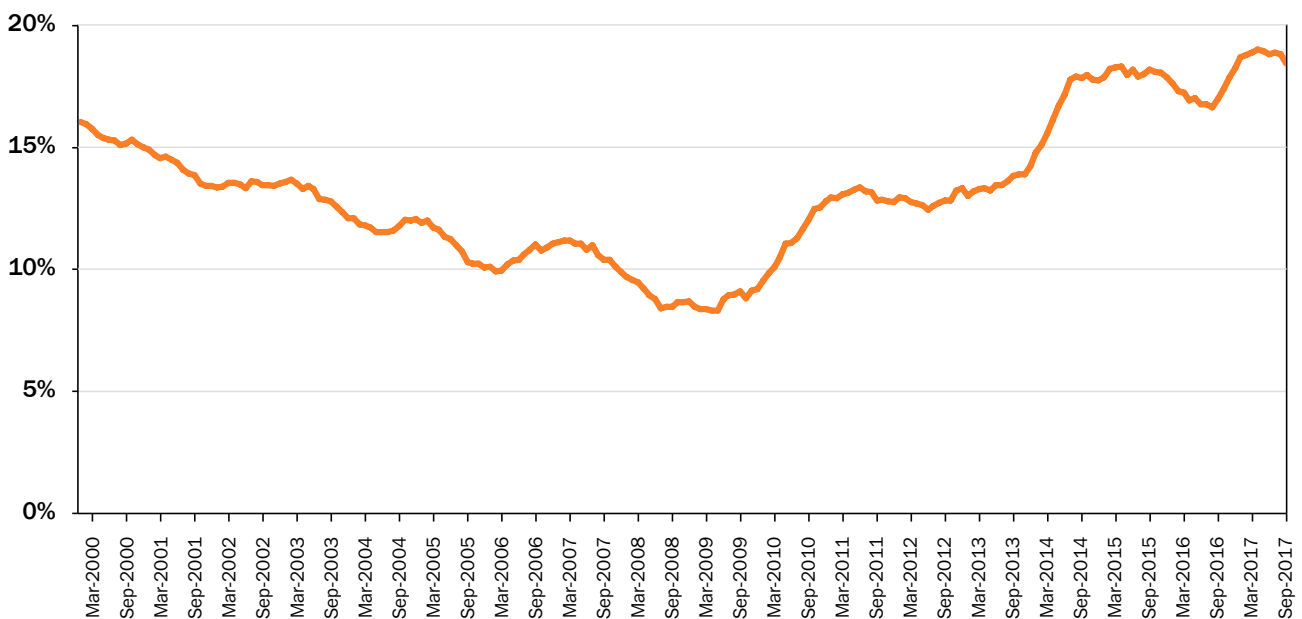
Figure 1: Number of 15–24 year olds in long-term unemployment, Australia, January 2000 to September 2017



Source: ABS 2017, *Labour force*, Australia, Cat. no. 6291.0.55.001, data cube UM3, trend estimates derived using a 12-month average of the monthly data.

At September 2017, 50,500 young people had been unemployed for at least a year. This is more than three times the number before the GFC. Among all unemployed youth, those who are long-term unemployed make up 18.4 per cent of the total, just 0.6 percentage points below the peak this century of 19 per cent, a few months ago in April (Figure 2).

Figure 2: Percentage of unemployed 15–24 year olds in long-term unemployment, Australia, January 2000 to September 2017



Source: ABS 2017, *Labour force, Australia*, Cat. no. 6291.0.55.001, data cube UM3, trend estimates derived using a 12-month average of the monthly data.

FACTORS AFFECTING YOUTH UNEMPLOYMENT

Unemployment depends on a myriad of factors. A key factor for today's generation of young people is the lack of entry-level job opportunities, especially in periods of weak demand and slow employment growth.

Poor education outcomes, such as leaving school early and not undertaking further education or training, and the mismatch between employers' demands and the skills and experience young people have acquired also form important barriers that young people face in labour markets (OECD 2013).

THE HUNT FOR WORK: IS THERE A GENERATION GAP?

In addition to these factors, differences in the activities undertaken to search for jobs could potentially help to explain why youth unemployment is higher than for other people of working age. Previous research has found that job-finding methods and the intensity of the search influence the probability of receiving an offer of a job (Dockery & Strathdee 2013).

Compared with other factors, differences in job-search activities between young and older jobseekers have received little attention by researchers. This paper aims to fill that gap using detailed information collected in the Household Income and Labour Dynamics in Australia (HILDA) survey. Since 2001, the HILDA survey has interviewed the same people each year – around 15,000 individuals.

The survey includes a question about job search activities undertaken by those who were unemployed in the four weeks before they were surveyed. These activities include writing, phoning or applying in person to an employer; answering an advertisement; and being registered with Centrelink as a jobseeker.

Table 1 shows the percentage of young and older jobseekers undertaking each of the seven activities, in the period 2001 to 2015. Estimates were derived using data from a pooled sample comprising 6,436 unemployed HILDA respondents interviewed at least once in the period 2001 to 2015. The sample includes 2,203 unemployed youth and 4,233 jobseekers aged 25 and over. Full-time students were excluded from the analysis.

The results show little difference between young people and older jobseekers in the range and distribution of job search activities. Some 73.2 per cent of unemployed youth applied for a job in the four weeks before the interview – not lower, but slightly higher, than the 72.1 per cent observed for people aged over 25. On the type of job-search activities, young jobseekers were more likely to be registered with Centrelink (53%) than older jobseekers (43%).

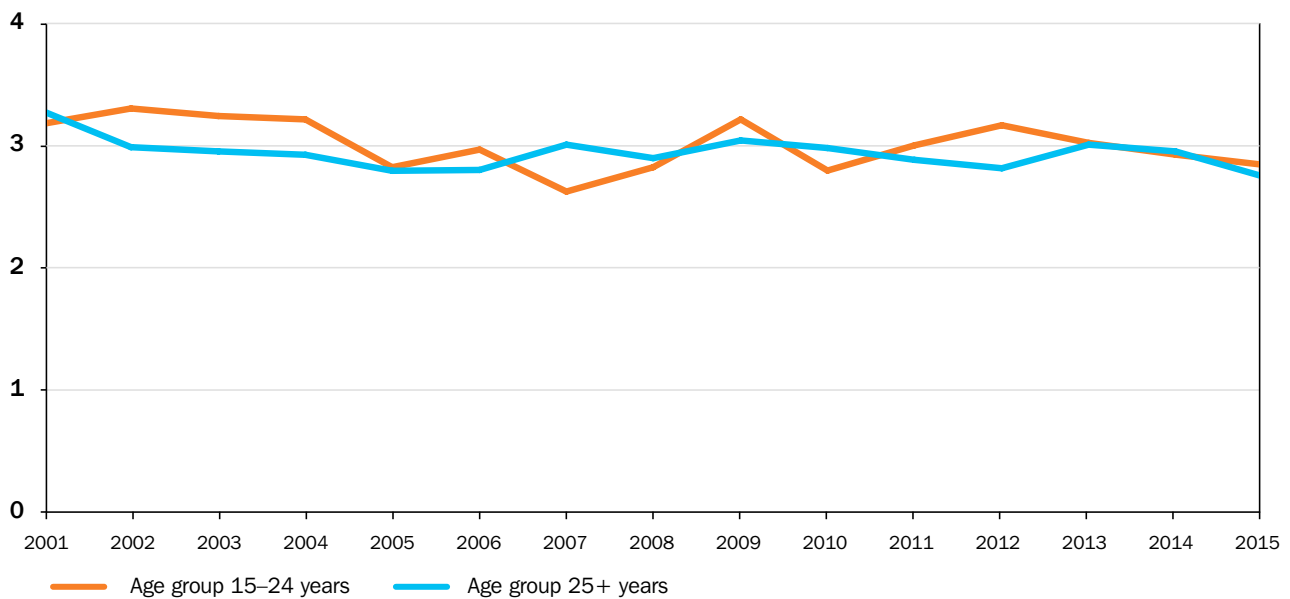
Table 1: Percentage of unemployed people undertaking job-search activities (%), 2001–2015

Job-search activity	15–24 years	25+ years	All ages
Wrote, phoned, or applied in person to an employer for work	73.2	72.1	72.4
Answered an advertisement for a job	56.7	55.5	55.8
Registered with Centrelink as a job-seeker	53.3	42.7	45.8
Checked or registered with an unemployment agency	41.8	43.6	43.1
Advertised or tendered for work	1.8	3.4	2.9
Contacted friends or relatives	17.5	19.2	18.7
Looked in newspapers, on the internet or notice boards	58.9	58.3	58.5
Sample size	2,203	4,233	6,436

Source: Author computations using HILDA data

Analysis of the HILDA data over time also reveals no significant differences in the range of job-searching activities between young people and older adults seeking jobs in the labour market. Figure 3 shows the average number of types of job-search activities that unemployed individuals reported. For both the 15–24 year olds and those aged over 25 the average was around three types of activities during the four-week period. From 2002 to 2004, the average was slightly lower for young jobseekers – in a period of strong employment growth. The job-search intensity of the two groups converged in 2005 and has remained very similar since then.

Figure 3: Average number of job-search activities undertaken by the unemployed, 2001–2015



Source: Author computations using HILDA data

The analysis of the HILDA data shows that unemployed young people are on average no different to older jobseekers in terms of job-search activities. The larger incidence of unemployment among youth cannot be attributed to a lack of trying to find work.

BARRIERS TO JOBS: LACK OF EXPERIENCE, EDUCATION AND ACCESS TO TRANSPORT

To gain insights into the barriers faced by unemployed youth, further information was used from the HILDA survey. In each year of this survey, unemployed participants are asked about their perceptions of the reasons for not being able to find work. Table 2 shows the main factors they identified, using pooled data from 2001 to 2015.

There are substantial differences between the reasons identified by young and other jobseekers. Some 41.3 per cent of unemployed 15 to 24 year olds report lack of experience as a barrier to finding a job, compared with 25.9 per cent among jobseekers aged 25 and over. Lack of education (32.9 per cent compared with 26.9 per cent), and transport barriers (29.6 per cent compared with 19.6 per cent) were among the other factors more often reported by young jobseekers than by older jobseekers. Competition for jobs was another often-reported factor, cited almost equally by 15–24 year olds (28.2 per cent) and those 25 and over (28.1 per cent).

Table 2: Reasons for not getting a job (%), 2001–2015

Reason	15–24 years	25+ years	All ages
Health issues	10.8	17.7	15.7
Too young/old	11.9	23.4	20.1
Unsuitable hours	6.9	12.2	10.7
Transport	29.6	19.6	22.4
Lack of education	32.9	26.9	28.6
Lack of experience	41.3	25.9	30.3
Language	1.8	8.2	6.4
No jobs in your line	22.0	23.9	23.4
Many applicants	28.2	28.1	28.1
No jobs at all	22.7	18.6	19.7
Sample size	2,203	4,233	6,436

Source: Author computations using HILDA data

Note: Individuals could give multiple responses

MODERN ECONOMY: NEW RISKS AND OPPORTUNITIES FOR YOUNG AUSTRALIANS

A sharp decline in the number of entry-level jobs since 2006 – a reduction of more than 50 per cent² – has contributed to the challenges that young jobseekers face. However, the nature and composition of future jobs is far from clear, and for young people seeking to enter the labour market, the term ‘entry-level job’ will mean something quite different from what it meant to previous generations.

While labour market change has been a consistent factor of modern history, the current combination of technological, social, demographic, geopolitical and environmental forces is ushering in a period of rapid transition. Up to 44 per cent of jobs available in Australia today are estimated to be at risk of automation; however, many new and unknown jobs will be created, presenting both opportunities and new or increased risks (Edmonds & Bradley 2015, p. 10).

Young people must be equipped with the networks and adaptive capabilities they need to take up new work opportunities, and provided with the knowledge they need to navigate the evolving labour market.

Investment in economic development and job creation at local, state and federal levels is needed to create opportunities for young people now and in the future.

¹ Vacancies at ANZSCO Skill Level 5 fell by 50% from 2006 to 2013, according to [Department of Employment data](#).

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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