

Youth employment – the long view for good policy

presented at **Future of Welfare Conference**
30-31 October 2014 Rendezvous Grand Hotel Melbourne

Dr. Veronica Sheen
School of Social Sciences
Monash Univ
veronica.sheen@monash.edu/
m. 0417512304
<http://veronicasheen.net>

Aims

- Context setting – historical overview of youth employment
- Considers the implications of youth labour market for social welfare policy
- What should be the broad principles for social welfare given the youth labour market?

ILO statement – 2013

Believe it or not, after all the attention placed on the area of youth employment over the last ten years, we still have many unanswered questions regarding the nature of youth employment.

For example, we still cannot pinpoint exactly what it is about the modern labour market that makes the transition to decent work difficult for so many young people.

What has changed?.....

The landscape – a 50 years perspective



Unemployment rates 1966-1977

	15-19	20-24	15-24	15 and over
1966	3.2%	1.9%	2.5%	1.6%
1972	5.8%	3.1%	4.2%	2.5%
1977	18%	7.6%	12.2%	5.7%

- Source ABS - Labour Force Historical Timeseries, Australia, 1966 to 1984, 6204.0.55.001 – Original.
- 1966 – low youth unemployment
- 1977 – high youth unemployment esp. for 15-19s

Employment to Population ratios 1966-1977

	15-19		20-24		35-44	
	Full-T	Part-T	Full-T	Part-T	Full-T	Part-T
1966	59.2%	3.5%	69%	5.6%	61.2%	7.3%
1977	40%	9.2%	66.7%	7.1%	61.8%	12.3%

Source ABS - Labour Force Historical Timeseries, Australia, 1966 to 1984, 6204.0.55.001 – Original.

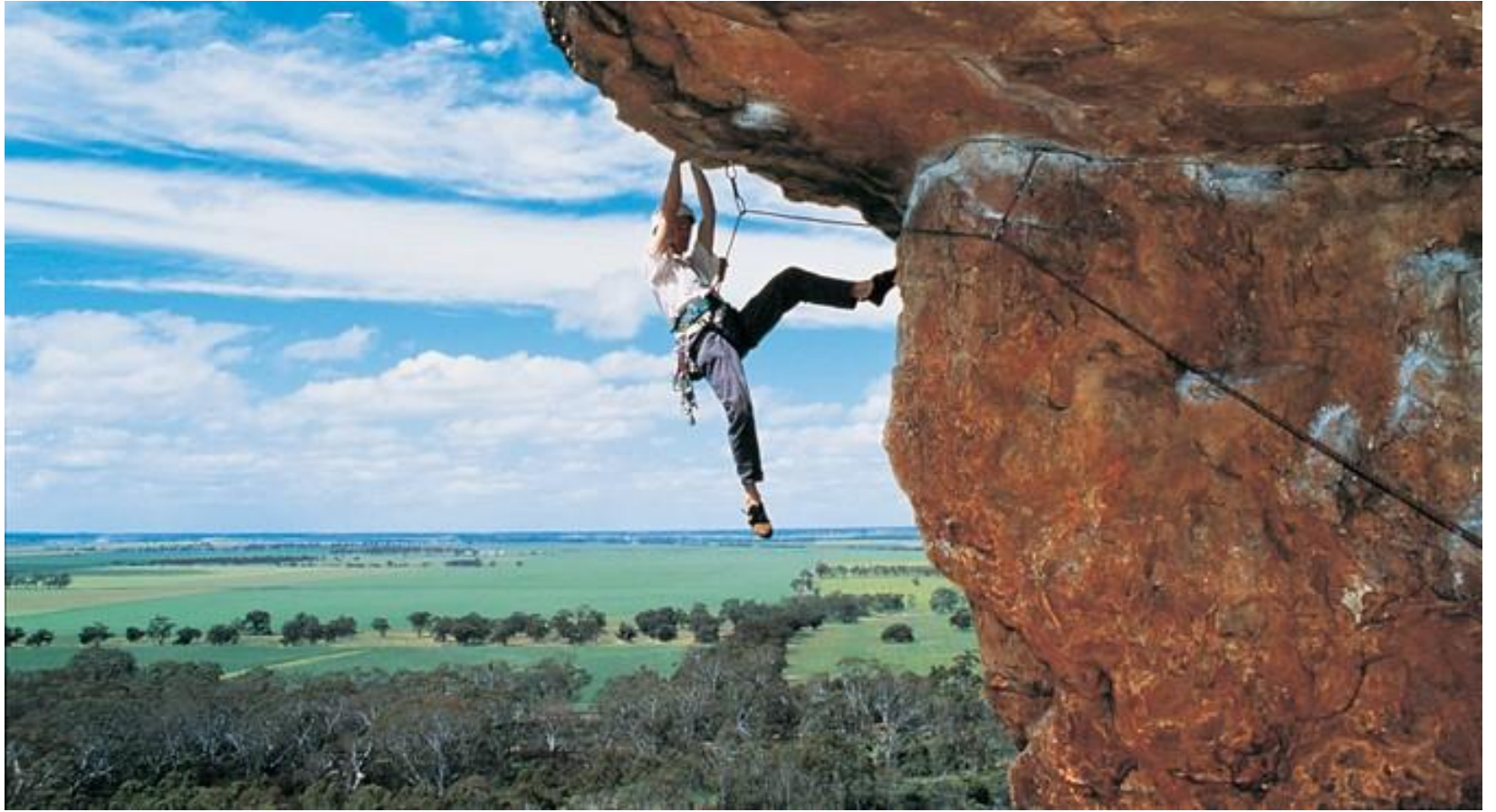
- 1966 – high *full time* employment participation for 15-19s
- 1977 – 20 percentage points lower in full time work for 15-19s
- Growth in part time employment for all

Unemployment rates 1980-2014

	15-19	20-24*	15-24	15 and over
Sept 80	17.3%	8.4%	12.6%	6.1%
Sept 84	22%	11.9%	16.4%	8.7%
Sept 88	16.4%	9.6%	12.7%	6.9%
Sept 98	18.8%	11%	14.3%	7.6%
Sept 08	12.6%	5.7%	8.9%	4.2%
Sept 14	17.9%	10.1%	13.1%	6%

Sources ABS - Labour Force, Australia, 6202.0, September 2014, Trend / *Original; Labour Force, Australia, Detailed, 6291.0.55.001, September 2014

- bad news on youth unemployment for most of the last 35 years
- good news prior to the GFC – only 5.7% rate for 20-24s
- but now back to bad news story



Unemployment rates

Age groups	August 2014
15-19	17.2%
20-24	10.2%
25-34	5.6%
35-44	4.9%
45-54	4.2%
55-59	3.4%
60-64	4.1%
65+	2.4%

Labour Force, Australia, Detailed, 6291.0.55.001, September 2014. Original

- **Significant drop in unemployment between 20-24 and 25-34 age groups**

International comparisons

15-24s unemployment rates (2nd quarter 2014)

Global average	13.1%
United States	13.1%
Canada	13.4%
New Zealand	14.2%
United Kingdom	16.7%
Netherlands	10.7%
Germany	7.9%
Japan	6.4%
Spain	52.9%
OECD average	14.9%
European Union	21.9%
Australia	13.3%

Source: OECD (2014) Statextracts— Short term labour market statistics,
<http://stats.oecd.org/index.aspx?queryid=36324>



Long term unemployment: 15-24s

August 2014		
Total labour force	2,026,600	16% of labour force
Total unemployed:	260,000	13% u/e rate
Unemployed over 26 weeks	112,200	41% of 15-24s
Unemployed over 52 weeks	46,700	18% of 15-24s

Labour Force, Australia, Detailed, 6291.0.55.001, September 2014. Original

- **High long term unemployment but declines between 26 and 52 weeks**

15-19 year olds – labour force trends 1978-2014

	employed full time	employed total	emp:pop' ratio	Particip'n rate	u/e rate full time work	u/e looking for full time work
Sept 78	527,000	651,000	51%	61%	18%	114,000
Sept 14	152,700	635,000	43%	52.6%	27%	57,000

Source ABS - Labour Force, Australia, 6202.0, September 2014, Trend

- **Massive loss in full time employment for 15-19s**
- **15-19s make up 11% of unemployed looking for full time work (531,000)**

Underemployment

	15-24	15 and over
Aug 1978	3.4%	2.6%
Aug 2008	11.3%	6%
Aug 2014	16.1%	8.2%

•Source ABS - Labour Force, Australia, 6202.0, September 2014, Trend

- Large increase in young people who want more hours of work**
- 29% of youth workforce has no work or not enough work**
- Compared to 14.4% of workforce as a whole (Aug, 2014)**



Observations: 20-24s

- Good employment outcomes possible for 20-24s in **good** employment environment
- 20-24s do make transition into lower unemployment 25-34 age group
- High levels of youth **under**employment linked to casualisation of the labour market

Casual jobs – conflicting views

- availability of part time, casual jobs in Australia gives young people a lift into stable jobs - stepping stone effect*.
- entrapment effect* - dual labour markets.

*Source: OECD (2009) Jobs for Youth: Australia, p. 16.

* Source: OECD/ILO (2014) Promoting better labour market outcomes for youth p. 7

Observations: 15-19s

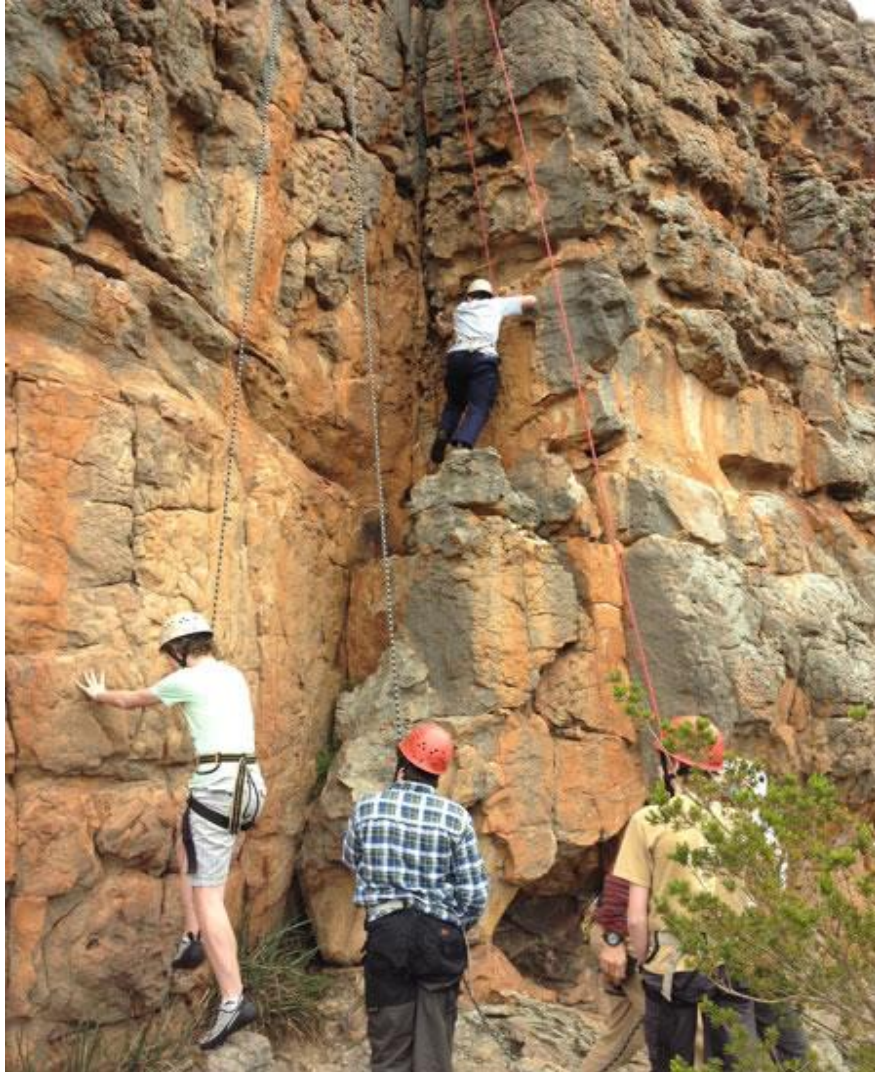
- Full-time jobs for 15-19s long gone
- Rates of full-time unemployment for 15-19s – looking for full-time work too high
- Too many 15-19s disengaged from education and training (NEETs)
- And too few entry level, bridging opportunities such as apprenticeships and traineeships.

Key issues: 15-24s

- High unemployment rates
- High *long term* youth unemployment
- Mobility from part-time, casual to secure employment
- Longer term concerns about the effects of 'jobless growth' on youth*

*Source: ILO: Global Employment Trends 2014, Risk of a Jobless Recovery

Implications for social welfare policy



Needed:
state of art
ropes,
harnesses,
anchors, nuts,
hexes and
cams,
carabiners,
helmets.....

***rock solid
belayers***

Guiding principles

- Setting realistic goals and expectations in social policy about **transitions** of young people in the labour force:
 - first time entry
 - part-time/casual to stable, full time
 - between jobs
- Taking account that transitions take time.
- Social policies for 2014 and beyond labour market (not 1966 or 1988)

- A case for differential policies for 15-19s and 20-24s
- 15-19s - strongly oriented towards education and training with limited expectations of labour market participation
- very important in relation to prevention of long term unemployment and social disadvantage related to skills deficits

- 20-24s - strongly oriented towards transition from education to stable employment but with expectation of a bumpy path including stints in short term and part time, casual jobs.
- Particular care for those unemployed over 6 months and intensive assistance for unemployed over 12 months.
- Greater recognition of needs of youth locked in insecure jobs

Current policy directions:

- stronger 'work for the dole' requirements
- delayed eligibility for Newstart (until 25) and up to 6 month wait for benefits for people under 30
- strict "earn or learn"
- job commitment bonus for long term unemployed youth \$2500 for staying in job for 12 months and a further \$4000 if in job and off welfare for 24 months.

- no accounting for the deficits in job market especially deficits in entry level and traineeship positions
- don't account for necessary processes of adjustment and transition which take time
- rationale that young people require enforcement and incentives in relation to welfare and jobs- (not supported by

Summary recommendations from internationals

- Employment growth especially decent jobs – skilled, long term
- Adequate income support subject to reasonable conditions for job search
- More high quality entry level opportunities through apprenticeships and traineeships
- Finely tuned labour market interventions to foster effective transitions, target disadvantaged youth (as per Brotherhood of St Laurence campaign)

Challenges for youth

- Changes to how jobs are formulated – contracting out, less opportunity for a stable employment relationship for everyone
- Globalisation of labour markets, offshoring of jobs and work intensification
- Rapid technological change including the effects of automation and robotics
- Education for the long haul and changing labour market needs



Sources

ILO (2013) Global Employment Trends for Youth

<http://www.ilo.org/global/research/global-reports/global-employment-trends/youth/2013/lang--en/index.htm>

OECD/ILO (2014) Promoting better labour market outcomes for youth (prepared for the G20 Labour and Employment Ministerial Meeting, Melbourne, September 2014)

https://www.g20.org/sites/default/files/g20_resources/library/OECD%20ILO%20-%20better%20outcomes%20for%20youth.pdf

OECD (2013) The OECD Action Plan for Youth

<http://www.oecd.org/els/emp/Youth-Action-Plan.pdf>

OECD (2012) The challenge of promoting youth employment in the G20 countries

<http://www.oecd.org/employment/emp/50304960.pdf>

OECD (2009) Jobs for Youth: Australia

<http://www.oecd.org/australia/jobsforyouthdesemploispourlesjeunesaustralia.htm>

ILO Decentwork4youth campaign

<http://www.decentwork4youth.org/jovenes.php?sec=quienes>

World Economic Forum Global Agenda for Youth

<http://www.weforum.org/community/global-agenda-councils/youth-unemployment-visualization-2013>

G20 Labour and Employment Ministerial Declaration on youth employment

<http://employment.gov.au/news/g20-labour-and-employment-ministerial-declaration-released>