



4.2 Key employment trends

Employment, and the economic resources gained from it, underpins a society's ability to support itself. Having a job helps a person to satisfy their own needs and wants. It also helps them to support their family and their community more broadly. Without employment, some people depend on welfare services and supports, among other society responses. This article provides information on employment trends and on some of the main Australian Government programs that deliver income support and employment services to unemployed people. Box 4.2.1 sets out the main concepts and definitions used when discussing the employment of the population.

Box 4.2.1: Employment concepts and definitions

The 'working age population' in this article is all people aged 15–64.

The 'youth population' in this article is all people aged 15–24.

The 'employment to population ratio' is a measure of the total level of employment. It is the proportion of the total working age population who are employed (that is, the number of working age people employed divided by the total working age population). Data for this measure are based on monthly trend estimates.

The 'unemployment rate' is the number of unemployed people expressed as a percentage of the labour force. The unemployment rate used is an average of monthly rates over a calendar year. To be defined as unemployed, a person must be:

- aged 15 or older
- not currently working and has actively looked for work at any time in the 4 weeks leading up to the end of the survey reference week
- available for work in the survey reference week or waiting to start work in a new job within 4 weeks from the end of the reference week.

Formal definitions of these terms and information on how the data are collected can be found in supporting documentation for the Australian Bureau of Statistics (ABS) Labour Force Survey (ABS 2017).

Long-term employment trends

Over the last 40 years, Australia has generally seen rising levels of employment. This is despite three labour market downturns: in the early 1980s, the early 1990s, and after the Global Financial Crisis (GFC) of 2007–08.

The downturns in the 1980s and 1990s saw a substantial fall in the working age employment to population ratio (see Box 4.2.1) over a few years, after which it grew to surpass pre-event levels. For example, from mid-1981 to mid-1983, the ratio fell from 65% to 62%, but was more than 65% by the end of 1987. The downturn relating to the GFC saw the ratio fall by less than 2 percentage points (73.3% to 71.7%) and last for only 1 year (mid-2008 to mid-2009). Since then, it has been relatively stable, moving between a low of 71.5% and a high of 72.9% (Figure 4.2.1).



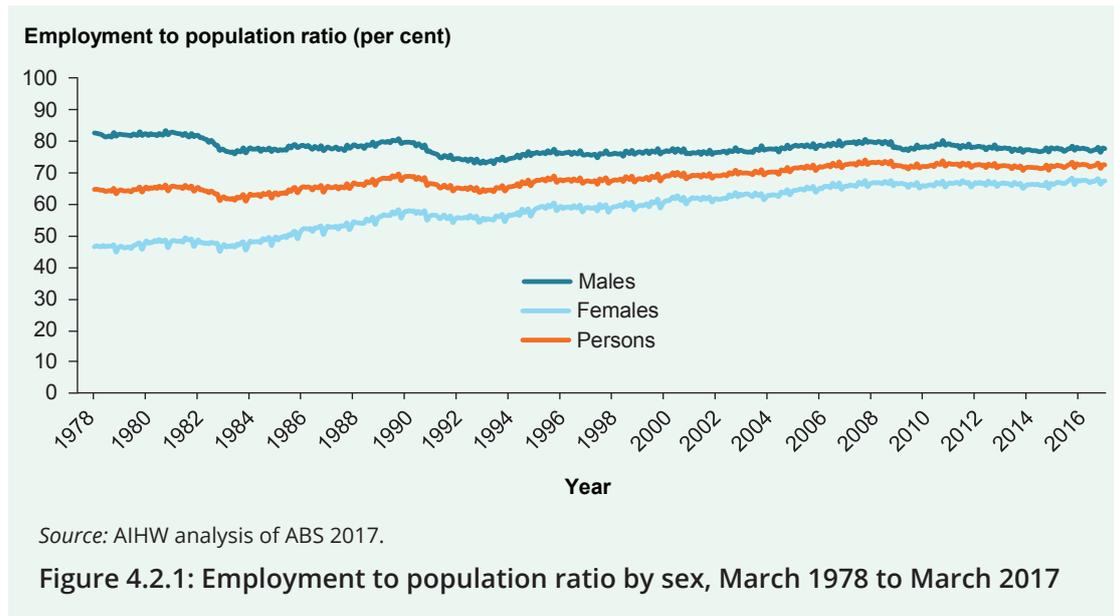


Trends for males

Male employment mirrored the overall employment trends up to 2008. Since then, there has been a marked decline in the working age employment to population ratio. It fell from a high of 80% in early 2008 to a low of 77% in mid-2009. Despite bouncing back in 2010–11, the rate has trended downward since the GFC, reaching a 13-year low of 77% throughout most of 2014. It was 77% in March 2017.

Trends for females

The story is more positive for females. Over the course of the last 40 years, the female working age employment to population ratio has been rising. From around 46–47% during the late 1970s, the rate continued to grow until the late 2000s. From the end of 1985, at least half of all working age females were employed; by early 2008, this figure had risen to two-thirds of all working age females. Since 2008, growth in female employment has slowed, although the GFC did not result in a substantial downturn in female employment. Since the start of 2017, the female working age employment to population ratio was 67.3%, which is close to its highest ever level of 67.4% (in early 2016).



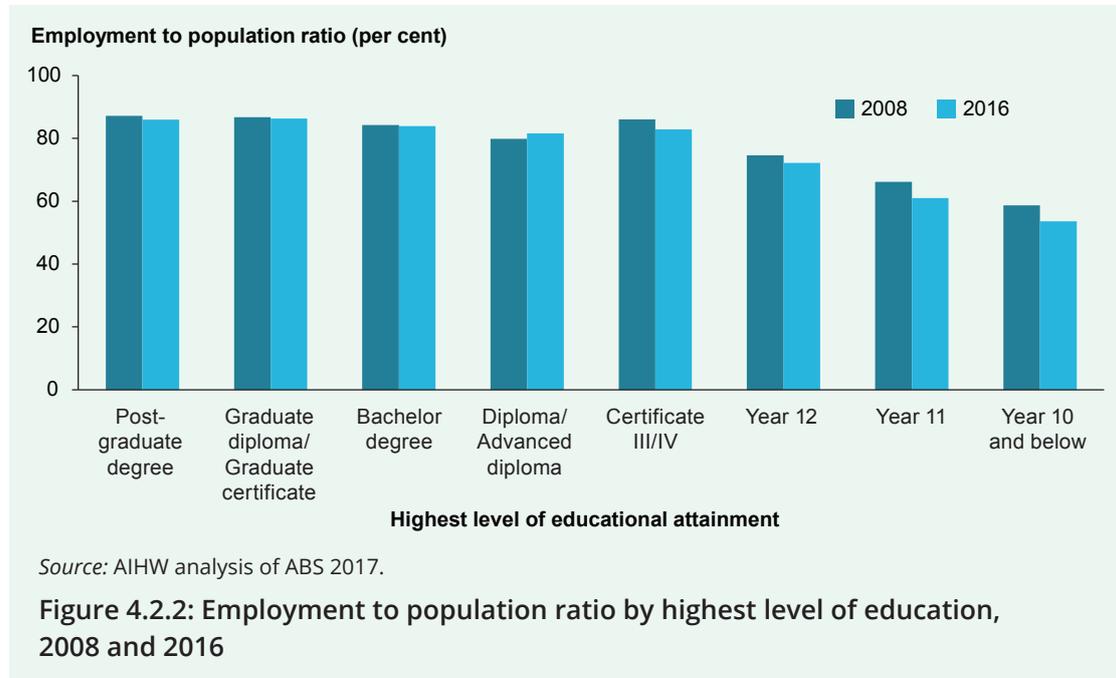
Education and employment

Since 2008, despite relative stability in employment, there has been a marked decline in the proportion of lower skilled people who are employed. For instance, the proportion of people whose highest qualification was Year 10 and below (including Certificate I/II) who were employed fell from 59% to 54% between 2008 and 2016. By comparison, the proportion of people whose highest qualification was a Bachelor degree who were employed fell only slightly from 84.2% in 2008 to 83.9% in 2016 (Figure 4.2.2).





In general, more than 4 of every 5 people who have a Diploma or higher educational qualification are employed. This compares with just over half (54%) of all people with 'Year 10 and below' (including Certificate I/II) being employed in 2016.



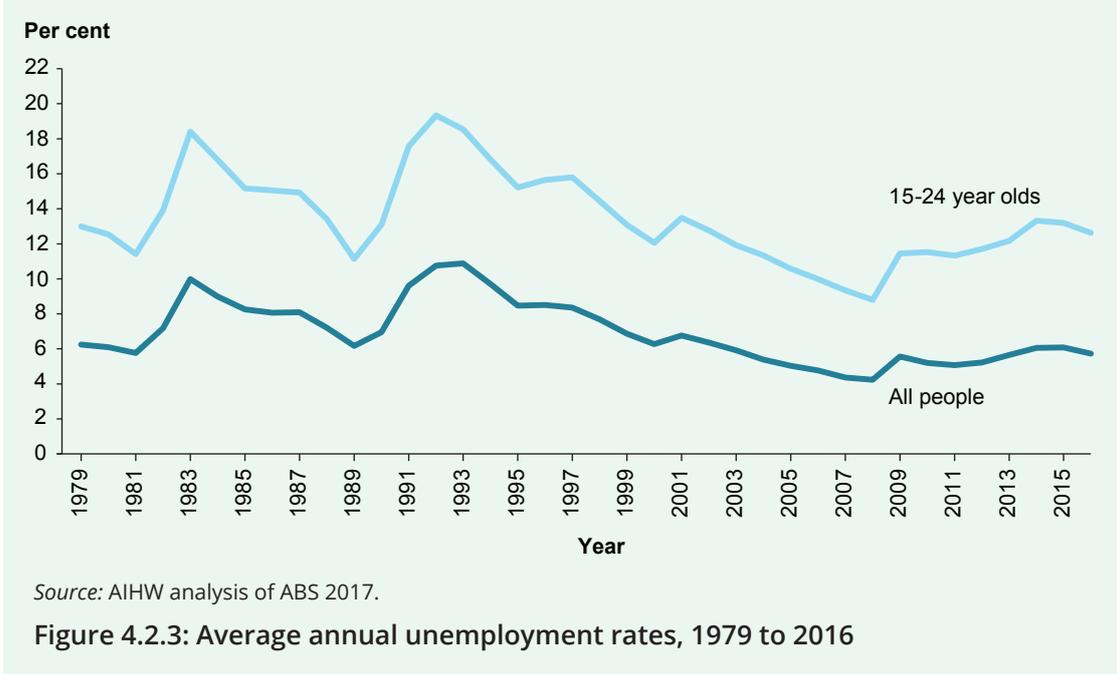
Youth unemployment

Over the long term, the unemployment rate has showed some variation (Figure 4.2.3). The youth unemployment rate followed a similar pattern to the total unemployment rate, albeit with consistently higher rates.

The two key peaks in youth unemployment align with the recessions of the early 1980s and 1990s—18% (1983) and 19% (1992), respectively. After the second peak, the youth unemployment rate fell to its lowest level of 8.8% in 2008. Unlike the pre-GFC labour market downturns, the youth unemployment rate has continued to rise, as opposed to fall sharply (as was expected), and was 13% in 2016.

The gap between the youth unemployment rate and the total unemployment rate has tended to be more pronounced when total unemployment rates are higher, with the reverse being true when the unemployment rate is lower. This suggests that the unemployment rates in the youth population group are more sensitive to economic changes than they are for the population as a whole.





Support while looking for work

The Australian Government helps people while they look for work through several payments and services. Financial assistance is available through the following programs:

- **Newstart Allowance:** provides financial help to people aged 22 or older who are looking for suitable paid work. The benefit covers unemployed people as well as some underemployed people. In 2015–16, the Department of Human Services finalised about 696,000 Newstart Allowance claims, an increase from 671,000 claims in 2014–15 (DHS 2016).
- **Youth Allowance (other):** available to people looking for work, or undertaking approved activities, who are aged 16–21; full-time students aged 18–24; and apprentices aged 16–24. The benefit has similar rules to those for the Newstart Allowance but notably includes parental income tests, unless independence exemptions are met. In 2015–16, the Department of Human Services finalised about 417,000 Youth Allowance (other) claims, a drop from 424,000 claims in 2014–15 (DHS 2016).
- **Job Commitment Bonus:** targets job seekers aged 18–30 who have been long-term unemployed (unemployed for 12 months or more). Two payments are made if a job seeker is eligible. The first, of \$2,500, is made after 12 months of continuous work and the second, of \$4,000, is made for completing a further 12 months of work. In 2015–16, the Department of Human Services processed about 4,300 claims for the first payment (DHS 2016).





The jobactive program is the main Australian Government funded program that supports job seekers in finding employment, linking them with employers. On 1 July 2015, jobactive replaced the Job Services Australia program. The jobactive program supports both job seekers and employers (by delivering employment services). In 2015–16, nearly 350,000 job placements were made through the program (Department of Employment 2016). In 2015–16, 43% of job seekers who had participated in jobactive for 6 months moved off income support, or had substantially reduced their reliance on it (Department of Employment 2016).

People with disability, illness or injury can access Disability Employment Services to find and keep a job. In 2015–16, 31% of participants for this service were employed within 3 months of accessing it (DSS 2016). Australian Disability Enterprises also provides a wide range of supported employment opportunities for people with disability. In 2015–16, just under 19,900 employees were assisted by this agency (DSS 2016).

On 1 July 2015, the Community Development Programme began to support jobseekers in remote Australia. It supports around 35,000 people, 83% of whom identify as being Aboriginal and Torres Strait Islander (PM&C 2017).

What is missing from the picture?

As jobactive has been in existence only since 1 July 2015, there are insufficient data to measure performance over a long-term period for this program.

Where do I go for more information?

More information on labour force data is available from the [ABS Labour Force Survey](#).

More information on support for unemployed people in Australia is available at the [Department of Human Services](#) and [Department of Employment](#) websites.

References

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