

Labour Stats 101 youth unemployment: a quick guide

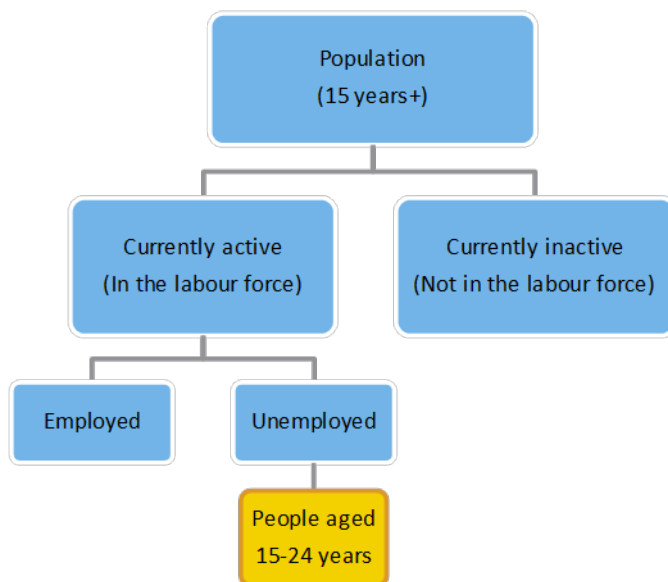
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Introduction

This guide provides a brief overview of youth unemployment, an introduction to the key concepts and terminology used, and lists relevant data sources. This is one in a series of Quick Guides related to labour statistics, designed to provide a basic understanding of the Australian labour market data. Other guides include [labour force](#), [unemployment](#) and [employment](#), which are available from the [Parliamentary Library](#) website.

In the labour force framework, unemployed people form part of the currently active population, who, along with the employed, constitute the labour force. Young unemployed people are a sub-set of the unemployed (see diagram below).

[Labour force framework](#)



Source: ABS, [Labour Statistics: Concepts, sources and methods, 2013](#), Cat. no. 6102.0.55.001

Who are unemployed people?

The [International Labour Organization \(ILO\)](#) describes unemployed people as those who are: without work; seeking work (in a recent past period); and currently available for work. The concept of 'without work' is used to distinguish unemployed people from the employed.

How is youth unemployment measured?

The Australian Bureau of Statistics (ABS) conducts a monthly [Labour Force Survey](#). This household survey is designed to produce key estimates of unemployment (and employment) from a sample of approximately 56,000 people. The survey's definition of unemployment closely aligns with international standards and guidelines.

[Unemployed persons](#) are defined as all persons aged 15 years and over who were not employed during the reference week and:

- had actively looked for work and were available to work (in the reference week), or
- were waiting to start a new job.

Young unemployed people are those classified as unemployed according to the above definition and aged 15 to 24 years.

Further details on measuring unemployment are available from the [ABS](#).

Young unemployed

Young unemployed people are a sub-set of the unemployed. Age groupings are applied to people classified as unemployed to form the population of interest. Youth unemployment generally refers to people aged 15 to 24 years, but may also refer to those aged 15 to 19 years. Depending on the schooling structure and retention of young people in education, the age group of interest may vary. For example, where young people usually look for full-time work after completing high school, the unemployment rate of those aged 15 to 19 years is likely to be useful. However, where young people generally stay on at school, completing further studies and then seek full-time work, the unemployment rate of those aged 20 to 24 years may be more useful. For comparisons of youth unemployment between countries, the [ILO](#) generally uses unemployed people aged 15 to 24 years.

Young people may undertake a complex range of work and study arrangements, making them a difficult segment of the labour market to analyse. Young people studying part-time may combine their studies with some work (generally part-time), and others may be studying full-time and not working at all (nor actively looking for work). However, the seeking of full-time work by a young person typically indicates that they want to start a career, to gain on-the-job training and to achieve some form of independence.

Sources of ABS labour force data on young people

[Labour force](#), Cat. no. 6202.0, see tables:

13. Labour force status by sex – Persons aged 15 to 19 years – trend
14. Labour force status by sex – Persons aged 15 to 19 years – seasonally adjusted
15. Labour force status by sex and educational attendance – Persons aged 15 to 19 years (original)
16. Labour force status by educational attendance, states and territories – Persons aged 15 to 19 years (original)
17. Labour force status by sex – Persons aged 15 to 24 years – trend, seasonally adjusted and original

Sources of ABS labour force data on young people (cont.)

[Labour force, detailed – electronic delivery](#), Cat. no. 6291.0.55.001, see tables:

01. Labour force status by social marital status, age and sex (original)
- 03a. Labour force status for 15–24 year olds by educational attendance, age and sex (original)
- 03b. Labour force status for 15–19 year olds by educational attendance, age and sex (original)
- 03c. Labour force status for 20–24 year olds by educational attendance, age and sex (original)

For regional estimates see data cube:

- RM1. Labour force status by region (ASGS SA4), sex and age, October 1998 onwards (original)

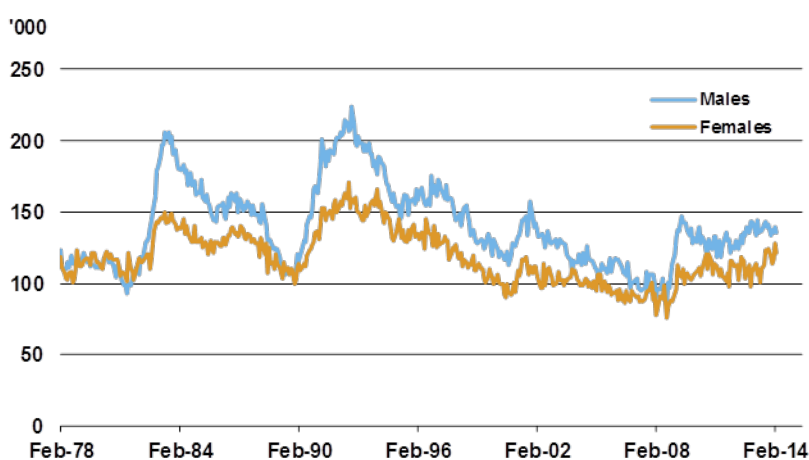
What are the key measures?

The number of young unemployed people (head count)

Each month the ABS estimates the total number of unemployed people, releasing original, seasonally adjusted and trend data. Graph 1 shows changes in the number of unemployed people aged 15 to 24 years from the start of the data series until March 2014 (seasonally adjusted). Data for people aged 15 to 19 years is also available, see 'Sources of ABS labour force data on young people'.

The level of youth unemployment is subject to fluctuations throughout the year, particularly around peak times of education commencement or conclusion. For example, there is an increase in the number of young people actively seeking work in the months leading up to the conclusion of their Year 12 studies. The volatility of monthly estimates should therefore be considered when analysing movements in original data and in some instances, annual averages may be more suitable for assessing changes.

1. Unemployed people aged 15 to 24 years by sex – seasonally adjusted



Source: ABS, [Labour force, March 2014](#), Cat. no. 6202.0

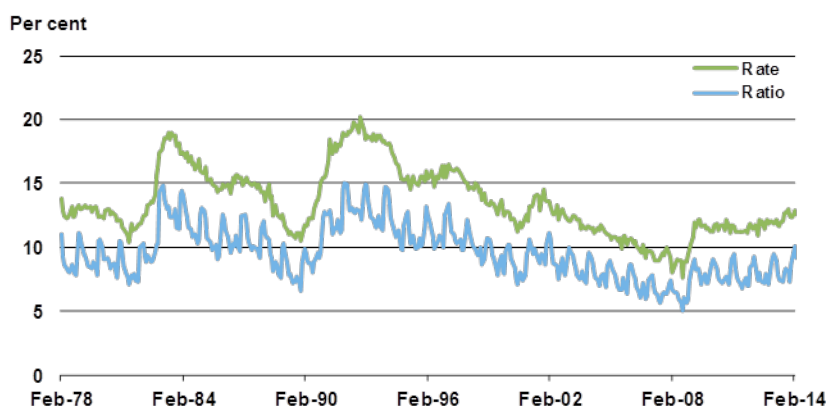
Youth unemployment rate

The youth unemployment rate is the number of young unemployed people expressed as a proportion of the labour force (in the same age group). This measure is applied in the same way as the general unemployment rate. The rate is subject to some criticism, being thought of as too simplistic to reflect the complex work/study situations that often apply to young people. [Altshuler](#), [Hill](#), [Philpott](#), [Matlack](#) and others suggest that the use of the rate can lead to misinterpretation of the state of young people's unemployment as it does not account for the high proportion of people currently in education or training. Those studying, who are not working nor actively seeking work, are excluded from the labour force. It is therefore suggested that the youth unemployment ratio be used as an alternate or additional measure.

Youth unemployment ratio

The youth unemployment ratio is the number of young unemployed people expressed as a proportion of the civilian population (in the same age group). The ratio differs from the rate as it accounts for the whole population of young people not solely those in the labour force (i.e. employed or unemployed). The ratio helps to provide an indication of young peoples' unemployment experiences, which are often complicated by transitions into and out of education and work. [Altshuler](#) suggests however that, while the rate is likely to overestimate the problem of youth unemployment, the ratio may underestimate the problem and the true estimate is likely somewhere in-between. Graph 2 provides the youth unemployment rate and ratio for people aged 15 to 24 years from the start of the data series until March 2014. Data for people aged 15 to 19 years is also available, see 'Sources of ABS labour force data on young people'.

2. Unemployment rate and ratio for people aged 15 to 24 years – original



Source: ABS, [Labour force, March 2014](#), Cat. no. 6202.0

Extended measures of youth unemployment

Specific criteria can be applied to the youth population to account for their different job seeking, work and study scenarios. Extended measures of youth unemployment can be created using the following types of variables:

- ‘full-time’ (e.g. looking for full-time work or working full-time) and
- ‘educational attendance’ (e.g. studying full-time or part-time, or not studying at all).

Youth full-time unemployment rate

This measure is the number of young unemployed people looking for full-time work as a proportion of the youth full-time labour force (in the same age group). The labour force therefore excludes young people who are looking for part-time work and those who are employed part-time.

Youth unemployment/fully active ratio

A useful variable for assessing estimates of youth unemployment is ‘educational attendance’. This variable indicates a person’s involvement in study or training, and can be combined with their labour force status to analyse a variety of study/work scenarios. In this instance, educational attendance is used to identify young people who study full-time or part-time, so that an adjustment can be made to both the unemployed and labour force populations. The ratio is, therefore, the number of unemployed youth who are not studying full-time as a proportion of the youth labour force plus those who are studying full-time. Original data are available each month from the ABS for young age groups, see ‘Sources of ABS labour force data on young people’.

Other measures

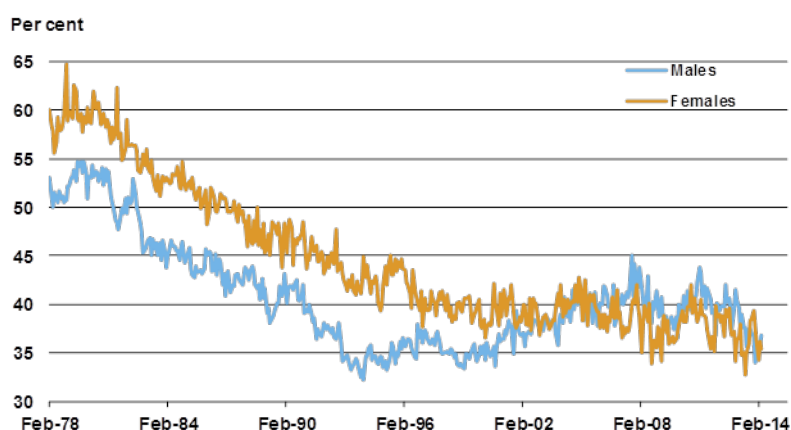
Ratio of youth-to-adult unemployment rates

This measure is the difference between the youth unemployment rate and the adult unemployment rate. The [ILO](#) reported youth unemployment rates in 2005-06 ranged from two to six times greater than those of adults. The youth population refers to people aged 15 to 24 years and adults as those aged 25 years and over. Where the unemployment rates are closer together (e.g. a ratio of 2), unemployment is generally considered to be a problem for the whole population. Where the ratio is 3.5 or higher, young people are thought to be disproportionately impacted by unemployment. Ratio comparisons for 103 countries are provided by the ILO in *Key Indicators of the Labour Market (KILM)*, [Chapter 10: Youth unemployment](#).

Share of unemployed youth in total unemployment

This measure expresses the number of young unemployed as a proportion of all unemployed people. It can be used to provide an indication of the degree to which unemployment is a youth-specific problem, rather than a general problem. It is generally used as part of a suite of indicators, rather than as a stand-alone measure. Graph 3 provides young unemployed people (15 to 24 years) as a proportion of total unemployed from the start of the data series until March 2014. Data for people aged 15 to 19 years is also available, see ‘Sources of ABS labour force data on young people’.

3. Unemployed youth (15 to 24 years) as a proportion of total unemployed – seasonally adjusted



Source: ABS, [Labour force, March 2014](#), Cat. no. 6202.0

Regional data

Regional estimates of unemployment by age are released by the ABS in [Labour force, detailed – electronic delivery](#), Cat. no. 6291.0.55.001, see Data Cube RM1. This source provides data for the smallest geographic areas available (excluding the Census). Data is from the original (unadjusted) series and due to the small sample sizes the sampling errors with some estimates may be quite high.

Statistical Areas Level 4 (SA4)

The Statistical Areas Level 4 classification is used to produce labour force estimates for 87 spatial areas across Australia. These areas form part of the new geographic standard through which labour force estimates are now disseminated. These areas replace the formerly used labour force statistical regions.

SA4s are the largest sub-State regions in the new geographic structure. They are designed for the output of labour force data and to reflect labour markets within each State and Territory. More information is available from [Australian Statistical Geography Standard \(ASGS\): Volume 1 – Main structure and Greater capital city statistical areas, July 2011](#), Cat. No. 1270.0.55.001 (see Main Structure > Statistical Area Level 4 (SA4)).

The Parliamentary Library's [Small Area Labour Market Data](#) webpage is currently being updated to account for changes to the labour force statistical regions.

Other data sources

The ABS is also responsible for collecting and disseminating results from the five-yearly *Census of Population and Housing*. The [Basic Community Profile](#) series provides selected labour force data for small statistical areas (e.g. Commonwealth and State Electoral Divisions), including male and female unemployment rates, and whether a person was looking for full-time or part-time work. Estimates are available by age groups, including 15 to 19 years and 20 to 24 years. Note: data relating to Commonwealth Electoral Divisions in Victoria and South Australia reflect the boundaries at the time of the 2010 Federal Election. See ABS, [Statistical Geography Fact Sheet, Commonwealth and State Electoral Divisions](#), for more information.

The Department of Social Services releases information on Newstart and Youth Allowance recipients in the publication [Labour market and related payments monthly profile](#). Table 1 provides time series estimates of Youth Allowance recipients by type of payment (e.g. full-time students) and Table 6 provides estimates of Jobseekers receiving Newstart Allowance by age and sex.

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