



# Young People with Poor Labour Force Attachment: A Survey of Concepts, Data and Previous Research

J Pech, A McNevin and L Nelms  
Australian Fair Pay Commission Secretariat

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## Executive summary

Young people comprise a significant sub-population of employees that is directly affected by the decisions of the Australian Fair Pay Commission. In this paper we draw on labour force data and previous research findings to identify various populations of young people who might be considered at risk of making a poor longer-term transition into the workforce.

On average in 2008, 16 per cent of 15- to 20-year-olds were not fully engaged in either education or employment (NFE). Within this population, young women are more likely than young men to be either in part-time employment or not in the labour force, while young men are more likely to be unemployed.

While the proportion of young people that is NFE declined only slightly over the previous decade, the composition of the NFE population has varied significantly over that period. The proportion working part time has increased and the proportion unemployed has decreased, by around 20 percentage points in each case. The proportion not in the labour force has been relatively stable.

While the three sub-groups within the NFE population can be clearly identified at a point in time, young people's attachment to the labour market is much more fluid than for older age groups. Many young people combine periods in and out of the labour force over the course of a year, and they are more likely than prime-age people to change their labour force status from month to month. As a result, only small proportions experience extended periods of involuntary part-time work (underemployment), unemployment or labour force withdrawal.

Alternative indicators of the population of young people with poor labour force attachment, which do not include part-time employees, provide smaller estimates of the population at risk. They have also shown considerably greater improvement since the early 1990s than the NFE indicator:

- The proportion of 15- to 20-year-olds not in full-time education and seeking full-time work fell from around nine per cent in 1993 to about three per cent in 2008.
- The proportion of 15- to 20-year-olds not in employment, education or training (NEET) fell from around 14 per cent in 1993 to eight per cent in 2008.
- A recent OECD review of international evidence on labour force transitions finds that young people in Australia have outcomes that compare very favourably to those in most other developed countries.

Longitudinal studies appear to show that young people's experience in their first year out of school has a significant impact upon their later labour market prospects. Those securing full-time employment in that first year are more likely to be in full-time employment in later years, while those with early experience of unemployment or labour market withdrawal are more likely than others to have subsequent or continued periods without paid work.

A number of factors – such as early school leaving, young motherhood, disability, being Indigenous and having a language background other than English – have been found to be associated with poorer labour market outcomes in the first five to seven post-school years. However, in relation to young mothers, the evidence as to the direction of causality is not clear-cut.

Finally, it is probable that young people will be one of the groups most adversely affected in the labour market as a result of the current economic downturn. In the past year there is evidence of a significant decline in employment, accompanied by an increase in unemployment. Part-time employment has also increased, especially among young men.

## 1. Introduction

Young people comprise a significant sub-population of employees that is directly affected by the decisions of the Australian Fair Pay Commission. They are also much more likely than people of prime or mature age to be receiving low pay, however defined.

For a majority of young people, low-paid employment occupies only a small proportion of their life-cycle. For example, they may undertake low-skilled employment as an accompaniment to full-time study, earn low wages during a period of formal work-based training, or simply start out on the bottom rung of the wages ladder in their chosen occupation. In all of these cases, initial low pay is generally followed by sustained increases in earnings in subsequent years.

For a smaller group of young people, low-paid employment is a longer-term phenomenon, often combined with periods of unemployment or labour force withdrawal. However, it is not easy to precisely identify this group, since many young people's experience of the labour market shows significant fluidity.

In this paper we draw on labour force data and previous research findings to identify various populations of young people, who might be considered at risk of making a poor longer-term transition into the workforce. The paper is structured as follows:

- In Section 2 we focus on one possible definition of poor labour force attachment – not fully engaged in education and/or employment (NFE). Using time series data from the Australian Bureau of Statistics (ABS), we chart longer-term trends in the size and characteristics of this group.
- In Section 3 we look more closely at each of the constituent sub-groups of the NFE population – young people who are in part-time employment, those who are unemployed and the remainder who are not in the labour force.
- In Section 4 we briefly analyse trends in a number of more tightly defined indicators of poor labour force attachment.
- In Section 5 we summarise research on a number of possible risk factors for poor labour force attachment.
- Finally, we briefly outline the most recent labour force trends and the outlook for young people over the course of the current economic downturn.



## 2. Young people who are not fully engaged in employment and/or education

One possible definition of poor labour force attachment is 'not fully engaged in education and/or employment' (that is, not undertaking a combination of education, training and/or work to an equivalent full-time load). This is a relatively broad categorisation, which for practical purposes includes all young people who are not full-time students and are either working part time, unemployed or not in the labour force.<sup>1</sup> Hereafter, for reasons of brevity, we refer to this group as NFE.

The NFE group has been the focus of a number of reports and publications over recent years, most notably the annual series entitled *How Young People are Faring*.<sup>2</sup> This found in 2006 that over half a million young Australians aged 15 to 24 years were NFE,<sup>3</sup> while the 2008 edition reported that 'one in eight teenagers is neither engaged in full-time education nor in full-time work'.<sup>4</sup>

A variety of other research has also identified young people who are NFE as being at risk of higher rates of unemployment, cycles of low pay and employment insecurity in the longer term.<sup>5</sup>

In the analysis which follows, we examine both the current composition of the NFE group and trends in the population over time. We focus primarily on young people aged 15 to 20 years, since this is the age when most young people enter the workforce, and when junior rates of pay commonly apply. There is some evidence that, for those not proceeding to post-secondary education or training, labour force experiences during this initial transition may have an important influence on their longer-term position in the labour market.<sup>6</sup>

### 2.1 Composition by age and gender

Table 1 shows that on average in 2008 there were around 283 700 15- to 20-year-olds who were NFE.<sup>7</sup> This represents about one in six of all 15- to 20-year-olds. Of this population, around 49 per cent were in part-time work, 21 per cent were unemployed and 30 per cent were not in the labour force (NILF).

Larger proportions of young women than young men were working part time or NILF. Conversely, more young men than young women were unemployed. Overall, there were around 30 000 more young women than young men who were NFE.

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- 1 The Australian Bureau of Statistics (ABS) *Labour Force Survey*, the source of many of the figures used in this paper, does not identify those 15- to 20-year-olds who are in part-time work and part-time education, a combination which could equate to full engagement. However, other ABS data (*Education and Work, Australia*, Catalogue No. 6227.0) suggest that the number of young people engaged in part-time work and part-time education is relatively small – around one per cent of 15- to 19-year-olds and two per cent of 20- to 24-year-olds. Thus, the proportion of 15- to 20-year-olds who are apparently NFE may be over-stated by around one percentage point.
  - 2 Up until 2007, this report was produced annually by the Dusseldorp Skills Forum. From 2008 onwards, responsibility has passed to the Foundation for Young Australians and the Education Foundation. The 2008 edition was prepared by researchers at the Centre for Post-compulsory Education and Lifelong Learning.
  - 3 Dusseldorp Skills Forum (DSF), *How Young People are Faring 2006: Key Indicators*, Glebe, DSF, 2006, p. ix.
  - 4 Foundation for Young Australians (FYA) and Education Foundation, *How Young People are Faring '08: An Update about the Learning and Work Situation of Young Australians*, Melbourne, FYA, 2008, p. iv.
  - 5 M Long, *The Flipside of Gen Y*, Melbourne, Monash University Centre for Economics of Education and Training, October 2006, p. 1; D Biddle *et al.*, 'The Australian Labour Market 2001', *The Journal of Industrial Relations*, vol. 44, no. 2, 2002, pp. 181–184.
  - 6 S Lamb and P McKenzie, *Patterns of Success and Failure in the Transition From School to Work in Australia*, LSAY Research Report No. 18, Camberwell, Australian Council for Educational Research (ACER), June 2001, pp. 25, 28.
  - 7 Young people's labour force attachment displays greater seasonality than that of other age groups. In addition, many of the ABS data used in our analysis are subject to a significant degree of statistical error. For these reasons, most of the figures reported in this paper have been derived as annual averages.

**Table 1: Labour force status of 15- to 20-year-olds not in full-time education or full-time employment, 2008**

	Employed part time	Unemployed	Not in the labour force	Total
<b>Number ('000s)</b>				
Men	56.1	33.4	37.4	126.9
Women	82.1	26.8	47.9	156.8
People	138.2	60.3	85.2	283.7
<b>Percentage of population</b>				
Men	6.3	3.8	4.2	14.3
Women	9.7	3.2	5.6	18.5
People	8.0	3.5	4.9	16.3

Note: All figures are averages of monthly data, from January to December 2008.

Source: ABS, *Labour Force Australia, Detailed – Electronic Delivery*, December 2008, Catalogue No. 6291.0.55.001, Canberra, ABS, 2009, Tables 3b, 3c.

The age-specific proportion of young people that is NFE peaks at almost 26 per cent of 18-year-olds, and is slightly lower at the ages of 19 and 20 (see Table 2). The peak at age 18 is evident for two of the three labour force states (part-time employed and unemployed), although the proportion not in the labour force (NILF) is highest at age 20. Overall, these patterns suggest that a significant minority of young people takes some time to establish themselves in the labour market on leaving school, but also that they gradually improve their position over time.

**Table 2: NFE 15- to 20-year-olds by age, 2008**

Age (yrs)	Number ('000s)				% of age group			
	PTE	UE	NILF	Total	PTE	UE	NILF	Total
15–16	7.9	6.6	9.1	23.6	1.4	1.2	1.6	4.1
17	23.9	13.1	15.2	52.2	8.2	4.5	5.2	18.0
18	38.8	15.1	21.1	75.0	13.3	5.2	7.3	25.7
19	34.2	13.6	17.8	65.6	11.7	4.7	6.1	22.5
20	33.5	11.9	22.0	67.3	11.5	4.1	7.5	23.1
15–20	138.2	60.3	85.2	283.7	8.0	3.5	4.9	16.3

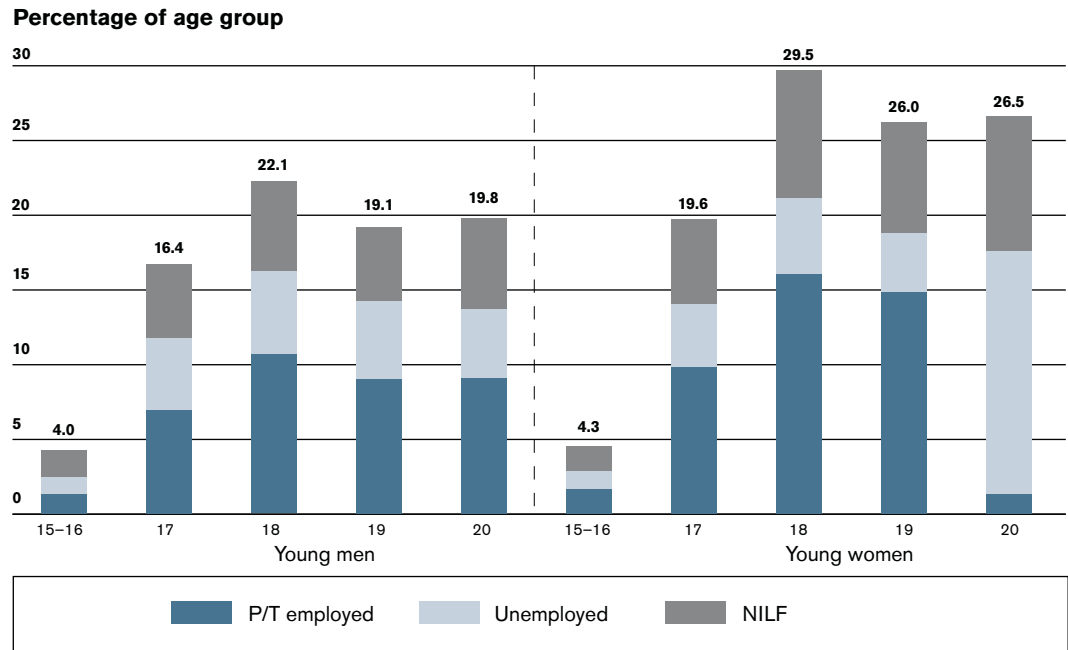
Notes: PTE = part-time employed; UE = unemployed; NILF = not in the labour force. All figures are averages of monthly data from January to December 2008. Some figures are subject to high sampling variability, particularly for 15–17-year-olds. Totals may not add due to rounding.

Source: ABS, *Labour Force Australia, Detailed – Electronic Delivery*, December 2008, Catalogue No. 6291.0.55.001, Canberra, ABS, 2009, Tables 3b, 3c.

Figure 1 shows how the composition of the NFE population varies by gender and age. At 15 to 16 years of age there is little difference between young men and young women in either the incidence or composition of NFE status. From age 17 onwards, young women are much more likely than young men either to work part time or to be NILF, whereas young men are somewhat more likely than young women to be unemployed. In aggregate, from age 18 to age 20, young women are consistently about seven percentage points more likely than young men to be NFE.

The incidence of both part-time work and unemployment peaks for both genders at age 18 and falls thereafter. By contrast, the likelihood of being NILF peaks at age 18, falls slightly at age 19 and then rises again at age 20.

Figure 1: Size and composition of NFE population, by gender and age, 2008



Note: All figures are averages of monthly data from January to December 2008.

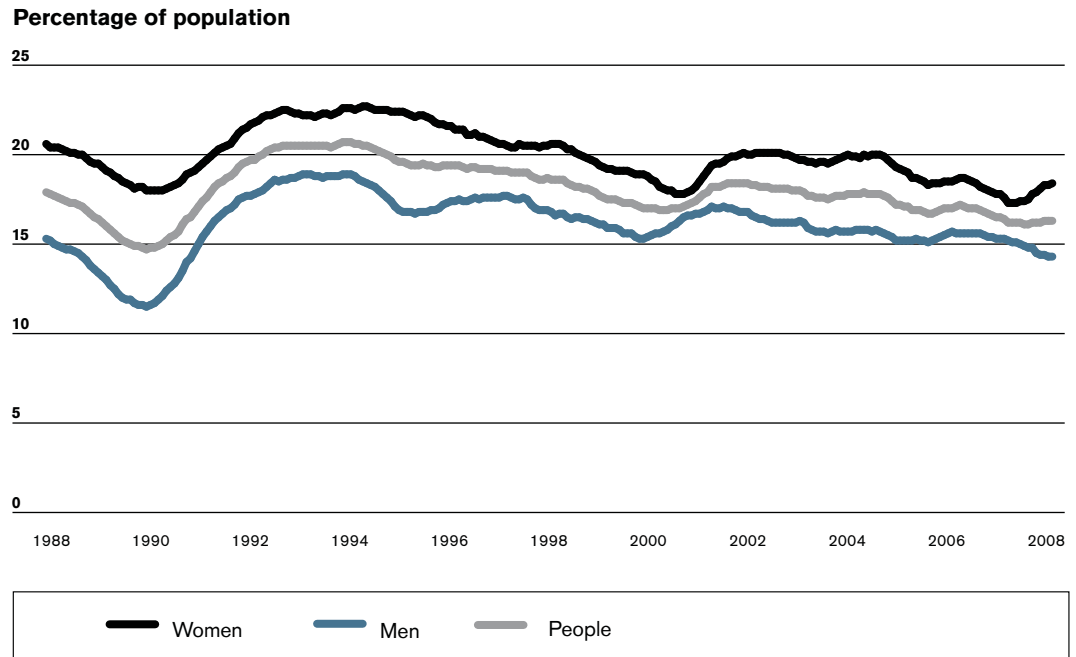
Source: ABS, *Labour Force Australia, Detailed – Electronic Delivery*, December 2008, Catalogue No. 6291.0.55.001, Canberra, ABS, 2009, Tables 3b, 3c.

## 2.2 Trends from 1987 to 2008

Figure 2 shows that after reaching a low point in 1989–90, the proportion of 15- to 20-year-olds that was NFE increased until about 1994, and has fallen only slowly since then.

The proportion of NFE young women has been consistently higher than the proportion of young men in the same category, though the size of this gender gap has narrowed somewhat over time. Compared with 1989–90, the proportion of NFE young women is now about the same, whereas for young men the proportion is still about three percentage points higher.

Figure 2: Proportion of 15- to 20-year-olds not fully engaged, 1988 to 2008



Note: All figures are moving annual averages. Trend break at 2001 is due to a change in the estimation method.

Source: ABS, *Labour Force Australia, Detailed – Electronic Delivery*, December 2008, Catalogue No. 6291.0.55.001, Canberra, ABS, 2009, Tables 3b, 3c.

While the overall population of NFE young people has declined only moderately in the last decade, there has been significant change in the composition of the group. Table 3 shows that between 1988 and 2008:

- the proportion employed part time increased from 28 per cent to 49 per cent;
- the proportion unemployed fell from 41 per cent to 21 per cent; and
- the proportion NILF remained relatively stable.

Table 3 also shows that among the part-time employed and unemployed segments of the population, young men and young women have contributed about equally to the aggregate change over the past two decades. However, young women who are NILF now represent a smaller segment of the overall population, while the opposite is the case for young men.

**Table 3: Composition of NFE 15- to 20-year-old population by gender and labour force status, 1988 and 2008**

	1988 (% of NFE 15- to 20-year-olds)				2008 (% of NFE 15- to 20-year-olds)			
	PTE	UE	NILF	Total	PTE	UE	NILF	Total
Men	10.8	21.1	10.4	42.2	19.8	11.8	13.2	44.7
Women	17.5	19.5	20.8	57.8	28.9	9.5	16.9	55.3
People	28.3	40.5	31.2	100.0	48.7	21.2	30.0	100.0

Note: All figures are annual averages of monthly data from January to December of the relevant year.

Source: ABS, *Labour Force Australia, Detailed – Electronic Delivery*, December 2008, Catalogue No. 6291.0.55.001, Canberra, ABS, 2009, Tables 3b, 3c.

## Young people with poor labour force attachment

Table 4 presents these data in a different way, as proportions of the entire population aged 15 to 20 years. It shows clearly how the inclusion of part-time work in the NFE group has served to obscure the substantial improvement in the proportion of 15- to 20-year-olds not in education or employment (that is, either unemployed or NILF). This fell from 12 per cent in 1988 to 8.4 per cent in 2008, while the proportion of 15- to 20-year-olds not in full-time education but working part time increased by almost as much, from 4.7 per cent to 8.0 per cent.

**Table 4: Proportion of 15- to 20-year-olds NFE by labour force status and gender, 1988 and 2008**

	1988 (% of all 15- to 20-year-olds)				2008 (% of all 15- to 20-year-olds)			
	PTE	UE	NILF	Total	PTE	UE	NILF	Total
Men	3.5	6.9	3.4	13.8	6.3	3.8	4.2	14.3
Women	5.9	6.6	7.0	19.6	9.7	3.2	5.6	18.5
People	4.7	6.7	5.2	16.7	8.0	3.5	4.9	16.3

Note: All figures are annual averages of monthly data from January to December of the relevant year.

Source: ABS, *Labour Force Australia, Detailed – Electronic Delivery*, December 2008, Catalogue No. 6291.0.55.001, Canberra, ABS, 2009, Tables 3b, 3c.

### 3. Exploring the NFE subgroups

While the three sub-groups within the NFE population can be clearly delineated at a particular point in time, it is worth bearing in mind that young people's attachment to the labour market is much more fluid than that of people in older age groups. This is demonstrated clearly by the data summarised in Table 5.

When labour force status is tracked over a full year, 71 per cent of 15- to 19-year-olds and 91 per cent of 20- to 24-year-olds report having been in the labour force at some time, but over three-quarters of the younger group and 42 per cent of the older group also report having been out of the labour force at some time. By implication, therefore, almost half of 15- to 19-year-olds and around one-third of 20- to 24-year-olds combine periods in and out of the labour force over the course of a year.

**Table 5: Labour force experience by age, 12 months to February 2007**

Age (yrs)	Labour force status at some time over the year to February 2007 (% of population)			Not in labour force
	In labour force	Employed	Unemployed	
15-19	71.1	62.2	21.8	76.3
20-24	90.9	87.0	19.0	42.0
25-54	87.6	84.9	9.8	34.2

Source: ABS, *Labour Force Experience, Australia*, February 2007, Catalogue No. 6206.0, Canberra, ABS, 2007, Table 5.

Monthly 'gross flows' data, which track the labour force status of individuals between successive months of the labour force survey, also highlight the volatility of young people's labour force attachment. Table 6 summarises the extent of average monthly gross flows over the same 12-month period as covered in Table 5 (March 2006 to February 2007) for the same three age groups.

**Table 6: Average monthly gross labour force flows by age, 12 months to February 2007**

Labour force status in Month 2, relative to labour force status in Month 1	Proportion of Month 1 population (%)		
	15-19 year-olds	20-24 year-olds	25-54 year-olds
<i>Same in Month 2</i>	80.0	83.4	89.2
Employed full time	84.6	91.6	94.4
Employed part time	82.9	76.1	80.0
Unemployed	46.9	49.1	52.8
Not in the labour force	83.1	78.7	87.3
<i>Different in Month 2</i>	20.0	16.6	10.8

Note: All figures are averages of monthly data.

Source: ABS, *Labour Force, Australia, Detailed - Electronic Delivery*, March 2009, Catalogue No. 6291.0.55.001, Canberra, ABS, 2009, Datacube GM1.

Every month over the year to February 2007, one in five young people aged 15 to 19 changed their labour force status, compared with about one in six of those aged 20 to 24 and one in every nine 25- to 54-year-olds.

Full-time employment was a markedly less stable state for 15- to 19-year-olds, with more than 15 per cent of those employed full time in one month moving to another labour force status in the next. By contrast, the rate of movement out of full-time employment was only 8.4 per cent for 20- to 24-year-olds and 5.6 per cent for prime-aged workers. Among part-time workers, on the other hand, 15- to 19-year-olds were the most likely to maintain that status from one month to the next.

While the youngest age group was the most likely to leave unemployment each month, they were less likely than either 20- to 24-year-olds or 25- to 54-year-olds to move from unemployment into employment. Only 22.2 of unemployed teenagers became employed each month, compared with 28.6 per cent of unemployed 20- to 24-year-olds and 25.8 per cent of unemployed 25- to 54-year-olds.

To get a better sense of how this dynamism plays out within the NFE population and how labour force attachment evolves over time as young people age, we now look briefly in turn at each of the NFE subgroups – first those in part-time work, followed by the unemployed and finally, young people who are not in the labour force (NILF).

### 3.1 Part-time employment

The inclusion of part-time employees in a group of young people considered to have poor labour force attachment could be considered controversial. Most people would consider part-time employment an improvement over non-employment (especially unemployment) and the extent to which participation in part-time work is voluntary is also relevant.

While it may be detrimental for young people to be trapped in low-paid part-time work for long periods of time with no career progression, it is not clear that this is the case for the majority of young people who are working part time but not studying, at any one point in time.

Marks analysed in some detail the transitions to full-time work of a group of young people who did not go on to university, using data from the 1995 cohort of the Longitudinal Surveys of Australian Youth (LSAY).<sup>8</sup> He found that in the first year after leaving school about two-thirds of young men and 60 per cent of young women who were working part time would have preferred to work full time. By the fourth year since leaving school, these proportions had fallen only slightly, to 64 per cent and 50 per cent, respectively.<sup>9</sup>

ABS data on underemployment, which do not distinguish between part-time workers who attend full-time education and those who do not, show that in September 2007, only 17 per cent of 15- to 19-year-olds working part time (83 per cent of whom were full-time students) would have preferred more hours.<sup>10</sup> Together, these results suggest that education leavers (who are probably more likely to have a preference for full-time work in any case) are much more likely to experience underemployment than continuing students.

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8 The Longitudinal Surveys of Australian Youth involve cohort samples of young people, recruited in the middle years of secondary school and interviewed annually until their mid-twenties. The project is currently following three cohorts – a group that was in Year 9 in 1995 (the 1995 cohort); a group that was in Year 9 in 1998 (the 1998 cohort); and a group of young people who turned 15 years of age in 2003 (the 2003 cohort).

9 G N Marks, *The Transition to Full-time Work of Young People Who Do Not Go to University*, LSAY Research Report No. 49, Camberwell, ACER, April 2006, p. 12.

10 ABS, *Labour Force, Australia*, December 2008, Catalogue No. 6202.0.55.001, Canberra, ABS, 2009, Table 15; ABS, *Underemployed Workers, Australia*, September 2007, Catalogue No. 6265.0, Canberra, ABS, 2008, Table 6.

On the other hand, these data also suggest that a significant minority prefers to work part time. Moreover, Marks found that among those young people who were employed part time in any one year, consistently at least half of young men and only slightly lower proportions of young women reported being employed full time in the following year.<sup>11</sup> This indicates that, where underemployment exists, it is often not persistent.

Marks found that, relative to part-time workers, full-time workers were more likely to be in higher status 'career' jobs, had higher weekly earnings and were somewhat more satisfied with their work on average. However, part-time workers also showed high levels of work satisfaction, only slightly below those of full-time workers. Over time, more part-time workers came to regard their current job as a career job, worked in higher status jobs and increased their earnings. Female part-timers reported higher levels of satisfaction with their jobs than male part-timers.<sup>12</sup>

### 3.2 Unemployment

While unemployment is clearly a more deleterious labour force state for young people than part-time work or underemployment, it also shows considerable volatility. Table 7 demonstrates that young people have higher rates of unemployment than those in older age groups. However, unemployed young people also tend to have shorter durations of unemployment and, by implication therefore, higher turnover within the unemployed population.

**Table 7: Unemployment rates and durations by age, August 2008**

	15–19-year-olds	20–24-year-olds	25–54-year-olds
Unemployment rate (%)	10.8	5.3	3.4
Unemployment to population ratio (%)	6.0	4.2	2.8
Unemployed less than 13 weeks (%)	56.5	62.3	51.6

Sources: ABS, *Labour Force Australia, Detailed – Electronic Delivery*, August 2008, Catalogue No. 6291.0.55.001, Canberra, ABS, 2008, Tables 1, 3b, 3c.

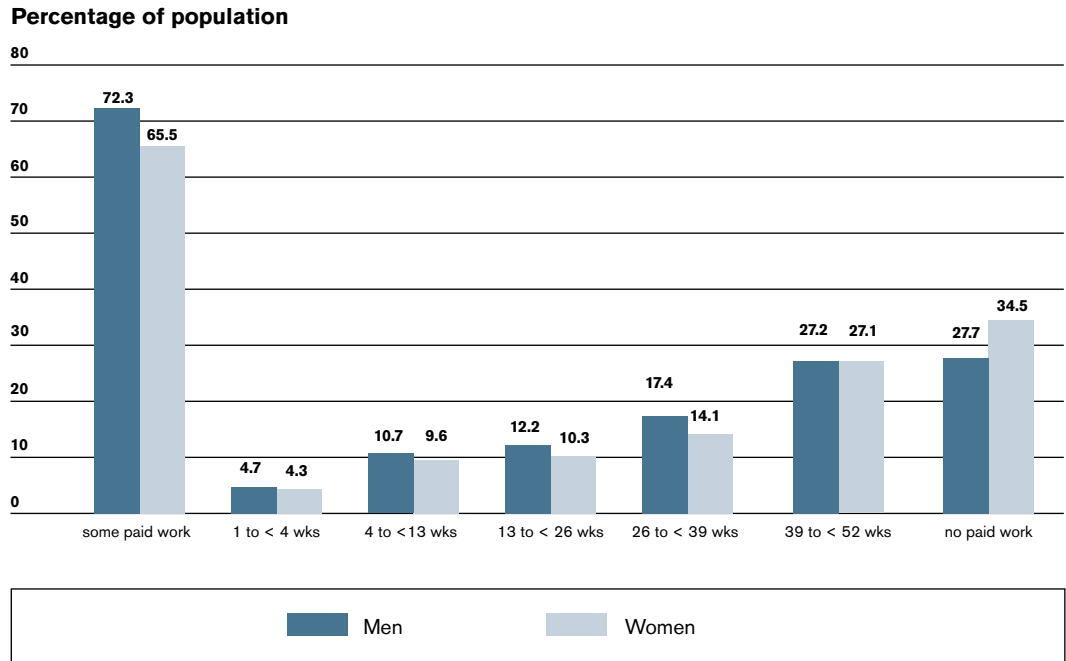
The data presented earlier in Table 5 show that around one in five of all young people aged 15 to 24 experiences at least one period of unemployment over the course of a year, double the rate for prime-age people. Figure 3 demonstrates that more than two-thirds of that group also spends time in paid work over the year. More than 40 per cent of all 15- to 24-year-olds who spent some time looking for work had been employed for at least half the year and there were almost as many who had been employed for nine months or more as had not been employed at all.

<sup>11</sup> Marks, 2006, pp. 19–22.

<sup>12</sup> Marks, 2006, pp. 12–13.



**Figure 3: Time spent in paid work, 15- to 24-year-olds who looked for work at some time, 12 months to February 2007**



Source: ABS, *Labour Force Experience, Australia*, February 2007, Catalogue No. 6206.0, Canberra, ABS, 2007, Table 10.

Moreover, a very large majority (76 per cent) of young people reported only one spell of unemployment during the year in question and 64 per cent had spent less than three months looking for work. The median duration of unemployment over the year was eight weeks, and the mean around three months, for both 15- to 19-year-olds and 20- to 24-year-olds.<sup>13</sup>

Marks found that among the 1995 LSAY cohort, the proportion of young people looking for work was always less than 10 per cent and declined with each additional year after leaving school. Those looking for work in a given year were largely different people from those looking for work in the previous and following years. He also found that, of those young people who reported being unemployed in one year, half or more were either employed or had returned to full-time study in the subsequent year.<sup>14</sup>

### 3.3 Labour force non-participation

The second-largest group of young people within the NFE population currently is those who are not in the labour force (NILF). While there is evidence that many young people spend some time outside the labour force in their initial years after leaving school, extended periods in this state may have serious implications for longer-term labour force attachment.

Table 8 summarises data from a study by Hillman of the 1995 LSAY cohort, which found that nearly two-thirds of both young men and young women spent a period outside the labour force of at least one month between January 1997 and December 2003, when they were aged, on average, between 16 and 22 years.<sup>15</sup>

<sup>13</sup> ABS, *Labour Force Experience, Australia*, February 2007, Catalogue No. 6206.0, Canberra, ABS, 2007, pp. 21–22.

<sup>14</sup> Marks, 2006, pp. 15, 20–22.

<sup>15</sup> K Hillman, *Young People Outside the Labour Force and Full-time Education: Activities and Profiles*, LSAY Research Report No. 45, Camberwell, ACER, November 2005, p. 10.

**Table 8: Length of first period outside the labour force and full-time education by gender, 1995 LSAY cohort**

	<b>No period (%)</b>	<b>1–3 mths (%)</b>	<b>4–6 mths (%)</b>	<b>7–12 mths (%)</b>	<b>13+ mths (%)</b>	<b>Total (%)</b>	<b>Number (%)</b>
Men	35.4	47.7	9.3	6.5	1.1	100	5,410
Women	35.7	47.8	7.6	6.0	3.0	100	5,263

Source: K Hillman, *Young People Outside the Labour Force and Full-time Education: Activities and Profiles*, LSAY Research Report No. 45, Camberwell, ACER, November, 2005, p. 10.

Many of these young people were absent from the labour force only temporarily. More than half were out of the labour force for only one month, and most intended to re-enter the labour force or pursue full-time education in the near future.<sup>16</sup> The average (mean) period spent out of the labour force was only three months, although this masks a wide distribution of up to the entire six years.

Table 9 shows the main activity of young people who were recorded as NILF in the third to fifth years after leaving school, by gender. The main activity of young women was caring (looking after children or others), with the proportion in this activity increasing with the number of years since leaving school. In the fourth and fifth years after leaving school, 59 and 82 per cent, respectively, of young women who were NILF were engaged in caring. Even among this group, however, most expressed a desire to re-enter study or work at a later date.<sup>17</sup>

For young men, travel or holidays was the most commonly reported activity in the third and fourth years after leaving school (19 and 27 per cent respectively). Analysing the same data in terms of calendar years rather than years since leaving school, Hillman found that when most of the cohort was aged 18 to 20, the most common activity of young men not in the labour force was informal study or training. When most of the cohort was aged 21 to 22 the most common activity was travel or holidays.<sup>18</sup>

Of young men who were NILF in the first year out of school, only 10 per cent remained so the following year. Between the second and third year the proportion remaining out of the labour force rose to 20 per cent but numbers were very small (that is, 20 per cent of two per cent of young men). Most movement by those not in the labour force was to full-time work (40 per cent between the first and second years and 44 per cent the following year).<sup>19</sup>

Young women were more likely than young men to remain out of the labour force in successive years – 36 per cent from the first to second year, 50 per cent from the second to third year and nearly 70 per cent from the fourth to fifth year. This stability most likely reflects extended time raising children. Only 15 per cent of young women moving into the labour force moved to full-time work between the first and second years, and 19 per cent did so the following year. However, the proportion of young women moving from outside the labour force into part-time work was larger than the equivalent proportion of young men.<sup>20</sup>

<sup>16</sup> Hillman, 2005, pp. 9, 15.

<sup>17</sup> Marks, 2006, p. 17.

<sup>18</sup> Hillman, 2005, p. 14.

<sup>19</sup> Marks, 2006, p. 22.

<sup>20</sup> Marks, 2006, pp. 20–23.

**Table 9: Main activity of young people not in the labour force, by gender and year after leaving school, 1995 LSAY cohort**

Main activity	Year after leaving school (% of all NILF in relevant year)		
	3rd	4th	5th
<b>Men</b>			
Study/training (informal, short course)	14	8	*
Caring	15	3	*
Travel or holidays	19	27	*
Ill/unable to work	4	5	*
Other	24	21	*
Unable to ascertain	23	35	*
	<b>100</b>	<b>100</b>	<b>*</b>
<b>Women</b>			
Study/training (informal, short course)	6	1	–
Caring	57	59	82
Travel or holidays	10	11	2
Ill/unable to work	8	5	3
Other	5	7	4
Unable to ascertain	14	17	10
	<b>100</b>	<b>100</b>	<b>100</b>
<b>People</b>			
Study/training (informal, short course)	8	3	5
Caring	44	40	66
Travel or holidays	13	16	6
Ill/unable to work	7	5	10
Other	11	12	6
Unable to ascertain	17	23	8
	<b>100</b>	<b>100</b>	<b>100</b>

Notes: \* indicates that the sample was too small for analysis. Samples in the first and second year after leaving school were also too small for analysis.  
Source: G N Marks, *The Transition to Full-time Work of Young People Who Do Not Go to University*, LSAY Research Report No. 49, Camberwell, ACER, April 2006, p. 16.

Hillman found that young people with more than one spell outside the labour force were less likely than those in their first spell to return to either work or full-time education. The likelihood of returning to education or work also decreased with the length of the spell.<sup>21</sup>

The increasing proportion of young women entering motherhood is the main reason that young women's incidence of non-participation rises with age, as depicted earlier in Figure 1.

21 Hillman, 2005, pp. 20–21.

## 4. Alternative indicators of poor labour force attachment

It is clear from the evidence summarised in the previous sections of this paper that young people in the NFE category cover a wide spectrum of labour force attachment. Moreover, the fluid nature of young people's labour market engagement increases that diversity over time. If we take a group of NFE young people aged in their early twenties, we will have at one extreme young people who have never had a paid job or looked for work, while at the other there will be young people in ongoing and substantial part-time employment.

It seems particularly problematic to define all young people working part time as having poor labour force attachment or otherwise at risk of poor longer-term outcomes. The data suggest that some young people work part time by preference, perhaps because they have caring or part-time study commitments or other interests to pursue. Still others may choose to work part time in their chosen occupation, rather than full time in some alternative job.

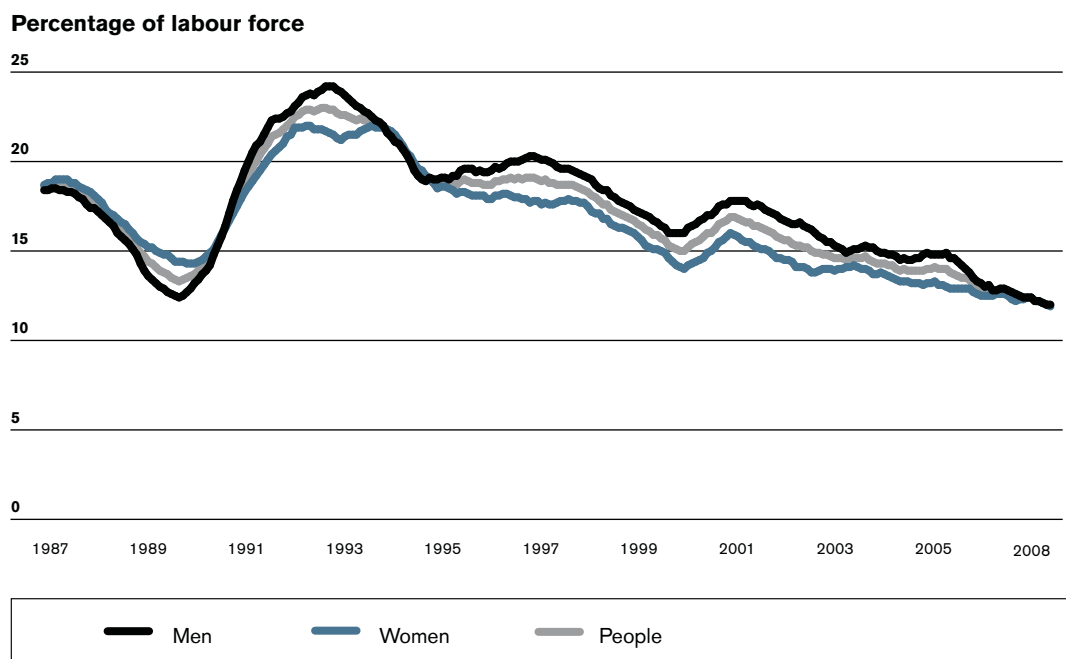
Even where part-time work is associated with involuntary underemployment, the evidence suggests that this is a relatively short-term phenomenon for many young people, with significant proportions in part-time work at one point in time subsequently moving into full-time work.

### 4.1 Unemployed young people

What then might be a preferable indicator of the proportion of young people with poor labour force attachment? The group that is generally of most concern is the unemployed, since these are young people who want, and are actively seeking, a job but have not found one.

Figure 4 shows that unemployment among 15- to 20-year-olds has generally decreased since 1993 and is slightly lower in 2008 than immediately before the previous recession. However the rate remains relatively high, at around 12 per cent at the end of 2008.

**Figure 4: Unemployment rate, 15- to 20-year-olds, 1987 to 2008**



Note: All figures are moving annual averages. Trend break at 2001 is due to a change in the estimation method.

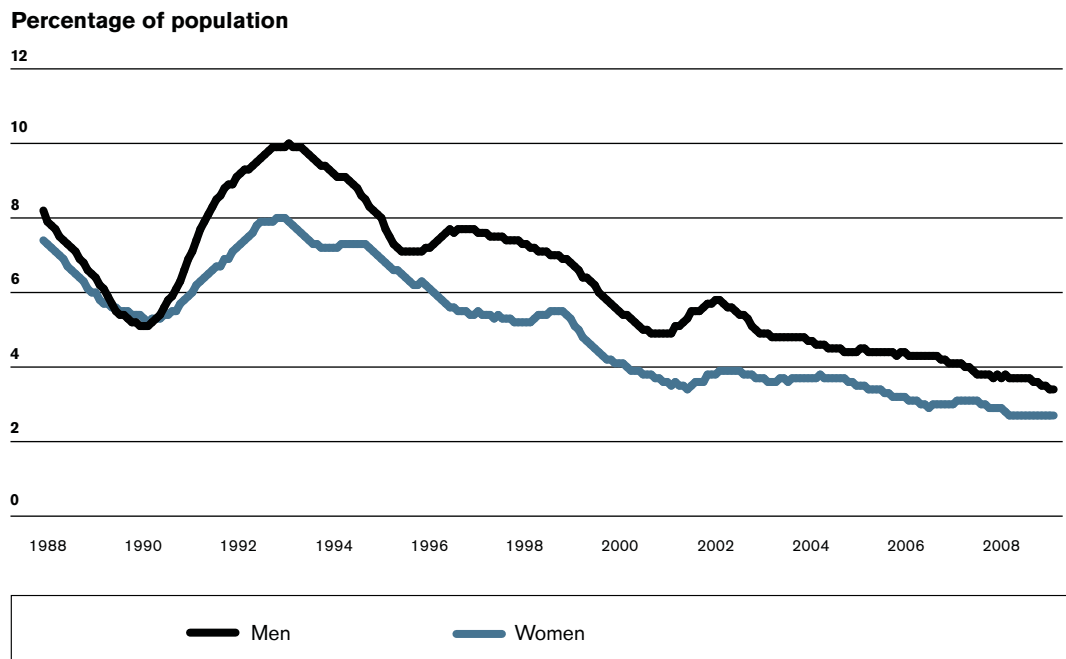
Source: ABS, *Labour Force Australia, Detailed – Electronic Delivery*, December 2008, Catalogue No. 6291.0.55.001, Canberra, ABS, 2009, Tables 3b, 3c.

When considering youth unemployment rates, it is important to bear in mind that the unemployment rate is the proportion of young people in the labour force (that is, either employed or unemployed) who report themselves as unemployed at a point in time, not the proportion of the whole youth population that cannot find a job. In addition, many unemployed young people (around 45 per cent on average during 2008) are full-time students looking for part-time work.

For our purposes, therefore, it may be more useful to focus on those young people who are unemployed and not in full-time education, as a proportion of all young people in the relevant age group. The narrowest and most conservative indicator of this kind is the proportion of young people not in full-time education and looking for full-time work (the 'full-time unemployed').

This indicator shows dramatic improvement over the time period 1988 to 2008, falling from peaks of 10 per cent for young men and 8 per cent for young women, to 3.4 and 2.7 per cent, respectively (Figure 5). This mirrors the most recent economic cycle in which the overall unemployment rate peaked during the recession of the early 1990s before declining in the more buoyant economic conditions of recent years.

**Figure 5: Proportion of all 15- to 20-year-olds not in full-time education, unemployed and seeking full-time work, 1988 to 2008**



Note: All figures are moving annual averages.

Source: ABS, *Labour Force Australia, Detailed – Electronic Delivery, December 2008*, Catalogue No. 6291.0.55.001, Canberra, ABS, 2009, Tables 3b, 3c.

However, this indicator can be criticised on the grounds that it assumes that only people who are unemployed and seeking full-time work (as narrowly defined) have poor labour force attachment. This would imply that we ought not be concerned about young people who are seeking part-time work or those who have withdrawn from the labour force, for either the short or long term.

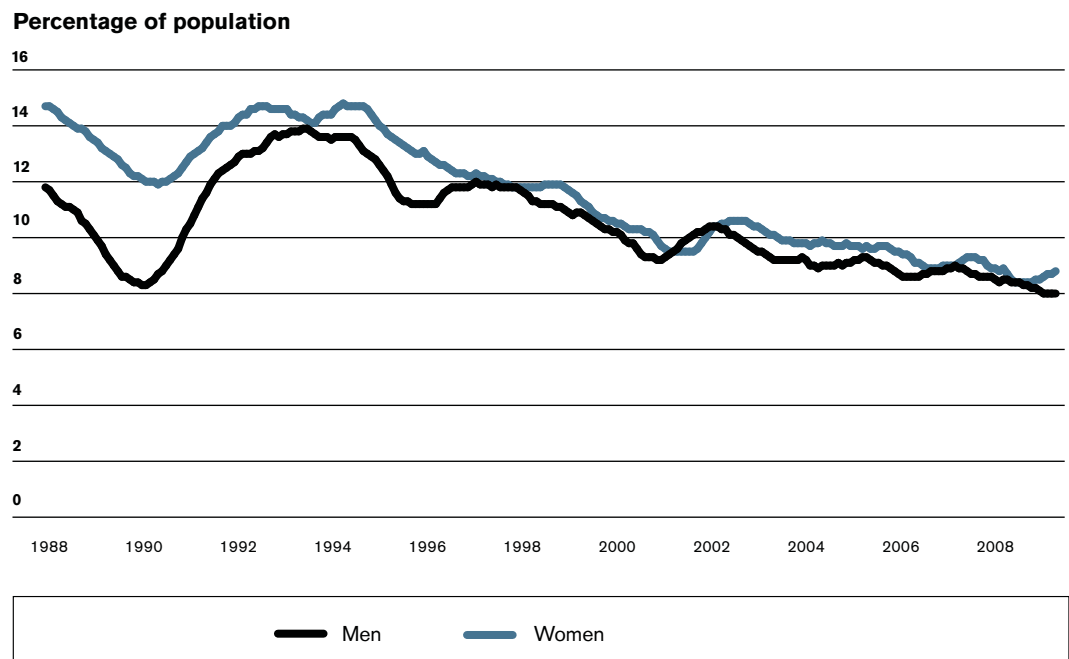
#### 4.2 Young people not in employment, education or training

A categorisation more commonly used overseas to indicate labour market disadvantage among young people, including by the Organisation for Economic Co-operation and Development (OECD), is 'not in employment, education or training' (NEET). This includes the jobless young people that are excluded from the more narrowly-defined full-time unemployed group, but not the part-time workers that also form part of the NFE category.

As illustrated in Figure 6, the proportion of young people that is NEET also shows improvement over recent years, in accord with the economic cycle. Since peaking in the early 1990s at 14 per cent for young men and almost 15 per cent for young women, it has fallen steadily to around eight and nine per cent, respectively. Relative to the trend shown earlier for NFE (Figure 2), removing part-time work from the broader category now eliminates much of the difference between young men and young women.

It is also clear that the reduction in NEET status has been more marked for young women, who are three percentage points less likely to be in this category at the end of 2008 than at the height of the previous economic cycle in 1990. Young men, by comparison, are still about as likely to be NEET as they were at that time.

**Figure 6: Proportion of all 15- to 20-year-olds not in employment, education or training (NEET), 1988 to 2008**



Note: All figures are moving annual averages.

Source: ABS, *Labour Force Australia, Detailed – Electronic Delivery*, December 2008, Catalogue No. 6291.0.55.001, Canberra, ABS, 2009, Tables 3b, 3c.

The *OECD Employment Outlook 2008* contained a major review of international evidence on young people's labour market transitions.<sup>22</sup> The data accompanying this report show that Australia's NEET rate for 15- to 24-year-olds in 2005 was considerably lower, at 9.6 per cent, than the OECD average of 15.6 per cent. Most European countries and all of the other main English-speaking countries apart from Ireland had higher NEET rates than

22 Organisation for Economic Co-operation and Development (OECD), *OECD Employment Outlook 2008*, Paris, OECD, 2008.

Australia, despite also having higher rates of education enrolment and lower rates of early school leaving.<sup>23</sup>

The study also reported an analysis across thirteen OECD countries of longitudinal data<sup>24</sup> on the NEET status of education leavers who were either one, three or five and more years out of education. This found that Australian education leavers were the least likely by far to be NEET in the first year out of school (16 per cent compared with figures of between 30 and 70 per cent for all other countries surveyed). However, among those who were at least five years out of education, the Australian NEET rate of 19 per cent was broadly comparable to that in several other countries (Austria, Belgium, Germany and the UK, for example). This change in Australia's comparative position was entirely due to a high rate of economic inactivity (23 per cent NILF) among young women, presumably associated with child-rearing. The five-year NEET rate for young Australian men (10.5 per cent) remained the lowest among all the countries surveyed.<sup>25</sup>

While these more selective indicators may be preferable to NFE, the NEET indicator in particular may still tend to overestimate the extent of significant labour market disadvantage among young people, since it only captures labour force status at a particular point in time. Given the fluidity of many young people's work and study situations a longitudinal focus might be expected to yield more useful insights.

Marks' study (2008, p. 25), for example, found that some eight per cent of young women and six per cent of young men who did not go to university did not work at all in the first four to six years out of school. The majority in this group would have been classified as not in the labour force, rather than unemployed. An alternative criterion suggested by Marks, which again implicitly excludes those with long-term labour force withdrawal, was unemployment for at least half the time since leaving school. This criterion captured five per cent of young men and four per cent of young women who did not go to university.<sup>26</sup>

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23 OECD, 2008, pp. 68–69.

24 Other countries included in this analysis were Austria, Belgium, Denmark, Finland, Germany, Greece, Ireland, Italy, Korea, Portugal, Spain and the United Kingdom.

25 OECD, 2008, pp. 58–59.

26 Marks, 2006, p. 25.

## 5. Possible risk factors for poor labour force attachment

In this section of the paper, we summarise previous research findings in relation to a variety of characteristics that may be associated with poorer labour market outcomes – early school leaving, young motherhood, disability and ethnic background.

### 5.1 Early school leaving

In their study, Lamb and McKenzie found that young people who did not complete Year 12 were much more likely than those who did to experience extended periods of unemployment or to remain outside the labour force in the first seven years after leaving school (see Table 10).

Within this group, young men were more likely to be unemployed than young women, who were more likely to be outside the labour force. Overall, young women were much more likely than young men to have been jobless (either unemployed or not in the labour force) for most of the seven years, although this differential declined with additional years of schooling.





**Table 10: Main labour market pathways across the first seven years after leaving school, by highest level of school attainment**

Pathway	Highest school attainment (%)			
	Year 9	Year 10	Year 11	Year 12
<b>Males</b>				
Full-time work	21	19	14	18
Training/work	14	31	34	16
Further study/work	0	2	4	17
Brief interruption/work	25	20	26	24
Extended interruption/work	14	11	6	14
Mainly part-time work	4	4	3	3
Mainly unemployment	21	12	12	7
Mainly not in labour force	0	2	2	1
<b>Females</b>				
Full-time work	5	20	24	25
Training/work	0	4	4	4
Further study/work	0	1	2	14
Brief interruption/work	11	25	29	24
Extended interruption/work	16	13	16	15
Mainly part-time work	5	7	7	6
Mainly unemployment	5	6	5	6
Mainly not in labour force	58	25	14	7
<b>Persons</b>				
Full-time work	15	20	18	21
Training/work	9	19	20	10
Further study/work	0	2	4	18
Brief interruption/work	19	22	27	23
Extended interruption/work	15	12	11	14
Mainly part-time work	4	5	5	5
Mainly unemployment	15	9	8	6
Mainly not in labour force	23	12	8	3

Notes: First year after leaving school is the first year after finishing Year 12 or the first year after Year 12 would have been completed by non-completers, had they remained at school. Young people who went on to enrol in university or a TAFE diploma are excluded.

Source: S Lamb and P McKenzie, *Patterns of Success and Failure in the Transition From School to Work in Australia*, LSAY Research Report No. 18, Camberwell, ACER, June 2001, p. 30.

A similar result was found for the Year 9 cohort analysed by Marks. A greater proportion of school non-completers compared to school completers were unemployed or not in the labour force in both the first and fourth years after leaving school.<sup>27</sup> In a survey of LSAY and other longitudinal data, Lattimore found, however, that once individual traits of young people (such as literacy, numeracy, attitudes and socio-economic background) were controlled for, school non-completers did not fare significantly worse than school completers in their long-term labour market prospects.<sup>28</sup>

<sup>27</sup> Marks, 2006, pp. 31–32.

<sup>28</sup> R Lattimore, *Men Not at Work: An Analysis of Men Outside the Labour Force*, Australian Productivity Commission Staff Working Paper, Melbourne, Commonwealth of Australia, January 2007, pp. 208–209.

Results from different studies vary as to whether school non-completers improve their labour market prospects with each extra year of schooling. As suggested by the data in Table 9, Lamb and McKenzie found that the likelihood of experiencing extended joblessness fell with each extra year of schooling, such that those completing only Year 9 fared worse than those completing Year 11.<sup>29</sup>

By contrast, Marks found that, compared with young people who left school during Years 10 and 11, those who left school at or before the end of Year 10 were more likely to be in full-time employment and less likely to be unemployed in both the first and fourth years after leaving school (Table 11).

**Table 11: Labour market status of young people by when they left school, 1995 LSAY cohort**

When left school	Full-time study	Full-time work	Part-time work	Unemployed	Not in labour force	Total
<b>First year after leaving school (%)</b>						
At or before end Year 10	14	61	10	10	5	100
After year 10, before end Year 12	15	56	11	13	4	100
Completed year 12	29	51	11	6	2	100
<b>Fourth year after leaving school (%)</b>						
At or before end of Year 10	2	72	8	10	8	100
After Year 10, before end Year 12	3	67	7	12	11	100
Completed year 12	7	73	11	5	5	100

Note: Young people who enrol in university are excluded.

Source: G N Marks, *The Transition to Full-time Work of Young People Who Do Not Go to University*, LSAY Research Report No. 49, Camberwell, ACER, April 2006, pp. 31–32.

As Marks notes, these data suggest that later leavers face greater risks in their school to work transition than either early leavers or Year 12 completers.<sup>30</sup> More so than later leavers, early leavers identify the prospect of full-time work or training as a stronger factor in their decision to leave school than dislike of, or poor performance in, school itself,<sup>31</sup> while Year 12 completers have more defined pathways into further study or full-time work.

While Marks' findings appear to show relatively positive labour market outcomes for the earliest school leavers, they are based on single 'snapshots' of data, rather than taking a longer-term perspective. The more longitudinal analysis of Lamb and Mackenzie presented in Table 9 suggests that this apparent advantage of earlier school leaving does not persist when aggregated over a longer period.

One key difference between the methodologies employed in these two pieces of research is the timing of the data analysis. Marks compared young people at the same time after leaving school (when the early school leavers were by definition younger than those who had stayed on longer at school), whereas Lamb and Mackenzie compared young people when they were roughly the same age. If junior rates of pay contribute to the competitiveness of younger people in the labour market, they may be a factor in the more favourable outcomes found by Marks for earlier school non-completers.

29 Lamb and McKenzie, 2001, p. viii.

30 Marks, 2006, p. 33.

31 J McMillan and G N Marks, *School Leavers in Australia: Profiles and Pathways*, LSAY Research Report No. 31, Camberwell, ACER, May 2003, pp. 35–36.

There is, however, clear evidence that young people's earliest labour market experiences are related to their longer-term outcomes. Lamb and McKenzie found that, for school completers and non-completers alike, a poor transition to the labour market in the first year out of school increased the likelihood of experiencing high levels of unemployment and extended periods outside the labour force in the longer term.<sup>32</sup> Marks found that the most significant factor influencing the likelihood of full-time work in the longer term was being in full-time work in the first year out of school.<sup>33</sup>

From a policy perspective, these results suggest that for non-academically oriented young people, being able to get a job soon after leaving school may be more beneficial for longer-term labour market outcomes than additional time spent at school, and to the extent that junior rates of pay help unqualified young people to obtain work in a competitive labour market, they may offer long-term benefits that outweigh the short-term reductions in pay.

It may be useful to undertake further research into the characteristics of the jobs that young people take up soon after leaving school (for example, their pay and conditions, and whether it is likely that junior or training wages apply). This could shed greater light on the links between such early employment experiences and later labour market outcomes.

## **5.2 Young motherhood**

If the early employment experience of young people after leaving school is important for longer-term success in the labour market, it seems reasonable to suppose that leaving school for a reason typically associated with labour force withdrawal would have long-term detrimental effects. The largest group likely to experience such labour force withdrawal is young mothers, most of whom either postpone or abandon education when they have their first child.

A study by Pech and McCoull of a cohort born between January and March 1980 found that young people receiving Parenting Payment as teenagers (most of whom were single parents) were more likely than not to have experienced high levels of income support reliance between the ages of 16 and 18. While this study could not measure labour market outcomes directly, long-term income support receipt might be considered a close proxy for poor labour force attachment.<sup>34</sup>

Earlier data had yielded a similar result. In a study of several cohorts of Year 10 students in the late 1980s and early 1990s, Lamb and McKenzie found that seven per cent of participants who did not go on to obtain a university qualification spent most of their time over seven post-school years not in the labour force. The overwhelming majority of this group were young women caring for children.<sup>35</sup>

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<sup>32</sup> Lamb and McKenzie, 2001, p. 50.

<sup>33</sup> Marks, 2006, p. 36.

<sup>34</sup> J Pech and F McCoull, 'Transgenerational welfare dependence: myths and realities', *Australian Social Policy*, No. 2000/1, p. 63. In this study, income support dependence was defined as receipt of income support payments other than student assistance.

<sup>35</sup> S Lamb and P McKenzie, 2001, pp. 25, 28.

In the short term, the correlation between young motherhood and time out of the labour force is largely explained by the presence of young children in the household for several years. However, a variety of research has also shown that women who first give birth at an early age continue to have poorer educational and labour force outcomes than women who do not do so.<sup>36</sup>

Using a propensity score matching technique and data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey, Evans found that, at least for birth cohorts of Australian women born since the 1940s, teenage motherhood was clearly associated with lower rates of both high school completion and attainment of post-school qualifications.<sup>37</sup>

It is apparent, however, that teenage motherhood does not in most cases cause early school leaving. In a 2008 study that also used data from the HILDA Survey, Jeon *et al.* found that in the great majority of cases, women who became mothers while teenagers had left school before becoming pregnant.<sup>38</sup> These researchers also found that perhaps one-quarter of the teenage mothers represented in the HILDA data set appeared to have returned to education at a later time.<sup>39</sup>

Using data from the Australian Longitudinal Study of Women's Health, Bradbury also investigated the association between being a young mother and poorer socio-economic outcomes in later life. Comparing young mothers with a sample of women who experienced a miscarriage within the same age window, this study found no evidence for an adverse impact of young childbirth per se on educational attainment, labour market attachment, or individual or household income. Instead, adverse outcomes were found to reflect characteristics common to both sample groups regardless of whether their pregnancies ended in childbirth or not.<sup>40</sup> This is consistent with the finding of Pech and McCoull that teenage mothers came disproportionately from families where the parents received income support.<sup>41</sup>

A key consideration when interpreting previous research into the effects of teenage motherhood is the significant increases that have taken place in recent decades in the educational attainment and workforce attachment of women, as well as the decline in the incidence of teenage motherhood overall. Pech and McCoull found that the incidence of teenage motherhood was more evenly distributed across the socio-economic spectrum among mothers of the young people in their study than it was among their daughters.<sup>42</sup> This suggests that, now it is no longer the norm for women to have their children relatively early and to withdraw from the labour force, teenage mothers might be even more disadvantaged relative to the whole population of mothers or women than was the case in the past.

The research carried out by both Evans and Jeon *et al.* confirm this. Both these studies showed that later cohorts of teenage mothers (for example, those born during the 1970s or 1980s) were considerably more disadvantaged relative to their age peers

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36 Relevant overseas research is summarised in B Bradbury, *The Impact of Young Motherhood on Education, Employment and Marriage*, SPRC Discussion Paper No. 148, Sydney, Social Policy Research Centre, September 2006; A Evans, 'Social disadvantage and teenage motherhood: A cohort perspective', paper presented to the 2007 HILDA Survey Research Conference, July 2007; M Keegan and M Corliss, 'Labour force consequences of young motherhood', paper presented to the Australian Labour Market Research Workshop, December 2007; and S-H Jeon, G Kalb and H Vu, *Teenage Mothers' Income Support, Education and Paid Work: The Dynamics of Welfare Participation*, report prepared for the Australian Government Department of Education, Employment and Workplace Relations, Melbourne, Melbourne Institute of Applied Economic and Social Research, February 2008.

37 Evans, 2007.

38 Jeon *et al.*, 2008, pp. 18–21.

39 Jeon *et al.*, 2008, pp. 21–23.

40 Bradbury, 2006, p. 2.

41 Pech and McCoull, 2000, pp. 54–55.

42 Pech and McCoull, 2000, pp. 49, 54–55.

than teenage mothers from earlier birth cohorts. This finding applied across a range of socio-economic and demographic characteristics, such as completion of school and post-school qualifications and likelihood of divorce.<sup>43</sup>

### 5.3 Disability

LSAY-based research has found that small proportions of young people not in the labour force reported illness or inability to work as their main activity after leaving school (seven per cent in the third year after leaving school, five per cent in the fourth year and 10 per cent in the fifth year).<sup>44</sup> In Pech and McCoull's study, while receipt of Disability Support Pension (a proxy for more severe levels of disability) was relatively uncommon among the young people in their birth cohort, those receiving this payment were more likely than not to have experienced high levels of income support reliance by the age of 19.<sup>45</sup>

Lamb and McKenzie found that 18 per cent of young people with disability did not enter the labour force at all over seven post-school years, compared with five per cent of young people without disability. Young people with disability who did enter the labour force were more likely to experience long-term unemployment than those without disability (13 per cent as compared with seven per cent). Overall, a smaller proportion of young people with disability than without disability (46 and 71 per cent respectively) made a stable transition into the workforce (defined as full engagement either directly from school or after a brief period of unemployment or part-time work).<sup>46</sup>

### 5.4 Ethnic background

Research has generally found that social and socioeconomic background are only weakly related to young people's main activity in the post-school years. The main exception is for Indigenous young people. Although the samples of Indigenous young people in LSAY data are small, there are indications that they have substantially worse outcomes than non-Indigenous young people.<sup>47</sup> Pech and McCoull also found that young people with a primary parent who identified as Indigenous were three and a half times as likely as the average young person to experience high levels of income support reliance between the ages of 16 and 18.<sup>48</sup>

The recent OECD survey of Australia's youth labour market observes that Indigenous young people aged 16 to 19 have an employment rate that is some 30 percentage points lower than that of non-Indigenous young people (48 per cent, compared with 80 per cent in 2006). When Community Development Employment Project<sup>49</sup> (CDEP) jobs are excluded, only 41 per cent of Indigenous young people are employed, a rate little better than half that of non-Indigenous young people. Moreover, between 1996 to 2006, the ratio of the two groups' employment rates remained about the same for total employment and improved only slightly for non-CDEP employment.<sup>50</sup>

LSAY data show moderate differences in labour market outcomes for young people with a language background other than English (LBOTE), especially if they do not go to university. Marks found that the LBOTE group had higher levels of unemployment than young people

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43 Evans, 2007; Jeon et al., 2008, p. 20 and Appendix Tables 2A and 2B.

44 Marks, 2006, p. 16.

45 Pech and McCoull, 2000, pp. 56–59, 62–63.

46 Lamb and McKenzie, 2001, p. 34.

47 Marks, 2006, p. 27.

48 Pech and McCoull, 2000, pp. 61–63.

49 Community Development Employment Projects provide subsidised training and work experience, primarily in remote Indigenous communities. Participants are generally paid the equivalent of unemployment benefits to work part time.

50 OECD, *Jobs for Youth: Australia*, OECD, Paris, 2009, p. 52.

from an English-speaking background in the first year after leaving school (15 and nine per cent respectively) and in the fourth year after leaving school (10 and six per cent respectively). In the fourth year after leaving school a higher proportion of the LBOTE group was in part-time work (16 compared to nine per cent) and larger proportions in full-time work (59 compared to 73 per cent). On the other hand, a greater proportion of the LBOTE group were in full-time education in the first and fourth years after leaving school (40 per cent in the first year and nine per cent in the fourth year, compared with 22 and five per cent respectively of those with English language backgrounds).<sup>51</sup>

Pech and McCoull found that young people with parents from a non-English speaking country were less likely than those from any other ethnic background, including non-Indigenous Australian-born, to experience high levels of income support reliance between the ages of 16 and 18.<sup>52</sup> This may be related to lower rates of early education leaving among young people of non-English speaking background since, in this study, the definition of income support did not include student assistance payments.

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<sup>51</sup> Marks, 2006, p. 28.

<sup>52</sup> Pech and McCoull, 2000, pp. 61–63.

## 6. Labour market outlook

In this paper we have outlined developments in the Australian youth labour market since the recession of the 1990s that have been generally positive: significant falls in unemployment and in the proportion of young people not engaged in employment, education or training. However, over the past year, this situation has clearly begun to change. Tables 12 and 13 compare the situation of young people aged 15 to 19 and 20 to 24, respectively, in early 2009 against their situation one year earlier, on a number of the indicators we have canvassed in Sections 2 to 4 of this paper.

On all of these indicators, the labour force position of young people has deteriorated. Young men have been more badly affected than young women, and teenagers have been more badly affected than young adults. Among the sub-categories of 'not fully engaged' (NFE), both age groups have seen significant increases in both part-time employment and unemployment among young men, whereas for young women the changes have been more modest.

**Table 12: Selected indicators of poor labour force attachment by gender, 15- to 19-year-olds, March quarter 2008 and March quarter 2009**

	% of all 15- to 19-year-olds			
	Men		Women	
	Mar 08	Mar 09	Mar 08	Mar 09
Not in full-time education or employment	12.8	17.0	15.5	16.2
– employed part time	6.2	7.9	8.0	8.3
– unemployed	3.7	5.7	3.1	3.9
– not in the labour force	2.8	3.4	4.4	4.0
Not in employment, education or training	6.5	9.1	7.5	7.9
Not in full-time education, unemployed and seeking full-time work	3.4	5.1	2.6	3.1

Note: All figures are averages of monthly data for the period January to March in the relevant year.

Source: ABS, *Labour Force Australia, Detailed – Electronic Delivery*, March 2009, Catalogue No. 6291.0.55.001, Canberra, ABS, 2009, Table 3b.

**Table 13: Selected indicators of poor labour force attachment by gender, 20- to 24-year-olds, March 2008 and March 2009**

	% of all 20- to 24-year-olds			
	Men		Women	
	Mar 08	Mar 09	Mar 08	Mar 09
Not in full-time education or employment	17.4	22.2	27.0	29.9
– employed part time	7.8	10.2	13.2	13.8
– unemployed	4.6	6.6	2.9	4.1
– not in the labour force	5.0	5.4	10.9	12.0
Not in employment, education or training	9.6	12.0	13.8	16.1
Not in full-time education, unemployed and seeking full-time work	4.4	6.3	2.3	3.5

Note: All figures are averages of monthly data for the period January to March in the relevant year.

Source: ABS, *Labour Force Australia, Detailed – Electronic Delivery*, March 2009, Catalogue No. 6291.0.55.001, Canberra, ABS, 2009, Table 3c.

Over the same period, employment rates fell for all age and gender groups, with the largest decreases evident among young men aged 15 to 19 (from 52.1 per cent to 46.9 per cent) and young women aged 20 to 24 (from 75.3 per cent to 70.6 per cent).<sup>53</sup>

It is evident, as shown earlier in Figure 2 and Figures 4 to 6, that young people are likely to suffer significant increases in unemployment as the economy contracts and, moreover, that this situation may continue for a period of some years. This is in part because many young people are new or relatively new labour force entrants and are therefore likely to feel the effects of any downturn in hiring.

One factor that may ameliorate the effects of the downturn is the increased availability of part-time work in the economy. To the extent that young people are able to maintain a place in the workforce through part-time work (even if this represents underemployment), the scarring effects on future employment and earnings are likely to be less than if they become unemployed or drop out of the labour force altogether.

One other likely effect of the economic downturn is an increase in participation in education and training. Young people who choose this path are also likely to be in a better position to join or rejoin the labour force as the economy recovers.





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