



Brotherhood
of St Laurence

SMASHING THE AVOCADO DEBATE

AUSTRALIA'S YOUTH UNEMPLOYMENT HOTSPOTS

MARCH 2019

In recent years the avocado has acquired a mythical status in what passes for the public debate about Australia's young people: it is a popular motif that has come to represent the alleged excesses of an emerging generation. Young people, according to this line of prosecution by stereotype, are entitled, pampered by parents and overindulging – to their detriment – in their usage of both social media and various permutations of an overpriced brunch food item.

How simplistic.

More than a decade after the global financial crisis, the national youth unemployment rate remains stubbornly high at 11.2 per cent (December 2018). Although now below the post-GFC peak of 14.1 per cent in November 2014, youth unemployment today is mired at levels similar to those observed in the early 2000s.

Across Australia, this translates to a quarter of a million young people who remain unemployed. In the Queensland Outback region, a perennial recent hotspot, a quarter of young people in the regional labour force remain unemployed. And, as this analysis reveals, the tale of two Australias persists, with regional and outer suburban locations bearing the heaviest burden of the youth unemployment challenge.

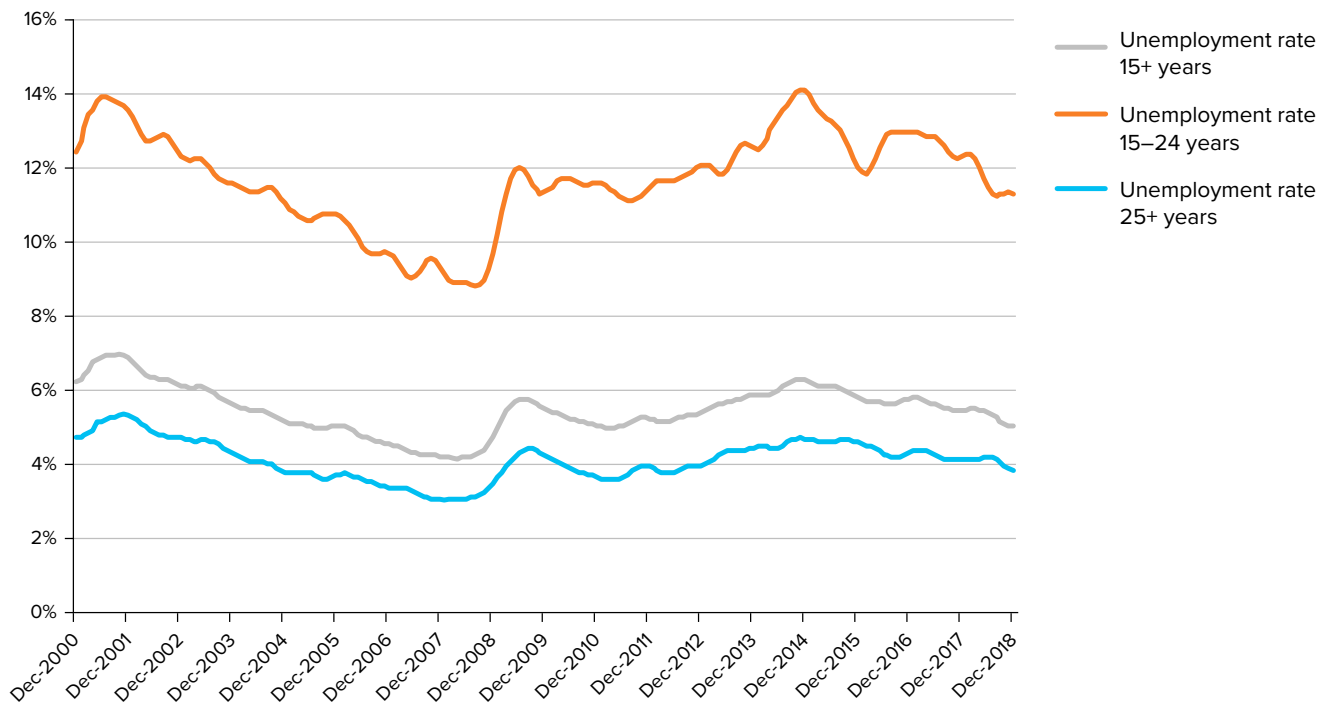
In reality, Australia's 15 to 24 year olds are making a highly sensitive transition to adulthood while, as a nation, we are navigating a period of testing social and economic change as a result of interconnected challenges posed by globalisation, technology, climate change and demographic change. While the modern economy presents new opportunities for jobseekers, it poses particular risks for young people, who often have little or no work experience. Young people without training opportunities or higher educational qualifications face a double jeopardy.

My Chance, Our Future
**YOUTH EMPLOYMENT
CAMPAIGN**

NATIONAL SNAPSHOT

At 11.2 per cent in December 2018, the youth unemployment rate remains more than twice Australia's overall unemployment rate (5 per cent) and is almost three times the unemployment rate of those aged 25 and over (Figure 1).

Figure 1: Unemployment rates (%) in Australia for selected age groups, December 2000 – December 2018



Source: ABS 2019, Labour force, Australia, January 2019, cat. no. 6202.0, trend data

20 YOUTH UNEMPLOYMENT 'HOTSPOTS' IDENTIFIED

A striking feature of Australia's youth unemployment story is that the rates are far from uniform. In the 20 regions with the highest youth unemployment rates, the risk of unemployment is well above the national average.

In the Queensland – Outback region, with over a quarter of young people in the labour market unable to obtain work, the youth unemployment rate has improved from a year ago but remains the highest in Australia at 25.7 per cent. The Coffs Harbour – Grafton region in New South Wales has the second highest rate at 23.3 per cent.

While there has been some improvement in the number of regions with very high youth unemployment, with only two regions across the country having rates above 20 per cent compared with four regions in December 2017, high rates of youth unemployment continue, more commonly in regional areas.

The conclusion is that the prosperity dividend from 28 years of continuous economic growth is deeply uneven, and many young people are locked out.

Table 1: 20 regions with highest youth unemployment rates in Australia

Rank	Region	State/territory	Youth unemployment rate (%)
1	Queensland – Outback	Qld	25.7
2	Coffs Harbour – Grafton	NSW	23.3
3	Wide Bay	Qld	19.8
4	Moreton Bay – North	Qld	18.8
5	Bendigo	Vic.	18.3
6	South East	Tas.	17.8
7	Shepparton	Vic.	17.5
8	Townsville	Qld	17.3
9	Hobart	Tas.	16.9
10	Perth – North West	WA	16.7
11	Moreton Bay – South	Qld	16.1
12	Logan – Beaudesert	Qld	16.0
13	Western Australia – Wheat Belt	WA	15.9
14	Melbourne – West	Vic.	15.5
15	Barossa – Yorke – Mid North	SA	15.3
16	West and North West	Tas.	15.0
17	Perth – South East	WA	14.9
18	Sunshine Coast	Qld	14.7
19	Perth – North East	WA	14.6
20	New England and North West	NSW	14.3

Data source: LMIP calculations, 12-month average of ABS Labour Force Survey data to December 2018

YOUTH UNEMPLOYMENT STICKS

Unemployment among 15 to 24 year olds has persisted at high levels in some regions. Nine of the regions with the highest levels of youth unemployment in December 2018 had also been in the top 20 regions in December 2017. These regions are listed below:

Queensland

- Queensland – Outback
- Wide Bay
- Logan – Beaudesert
- Townsville

WA

- Perth – North West
- Perth – North East

NSW

- Coffs Harbour – Grafton
- New England and North West

Victoria

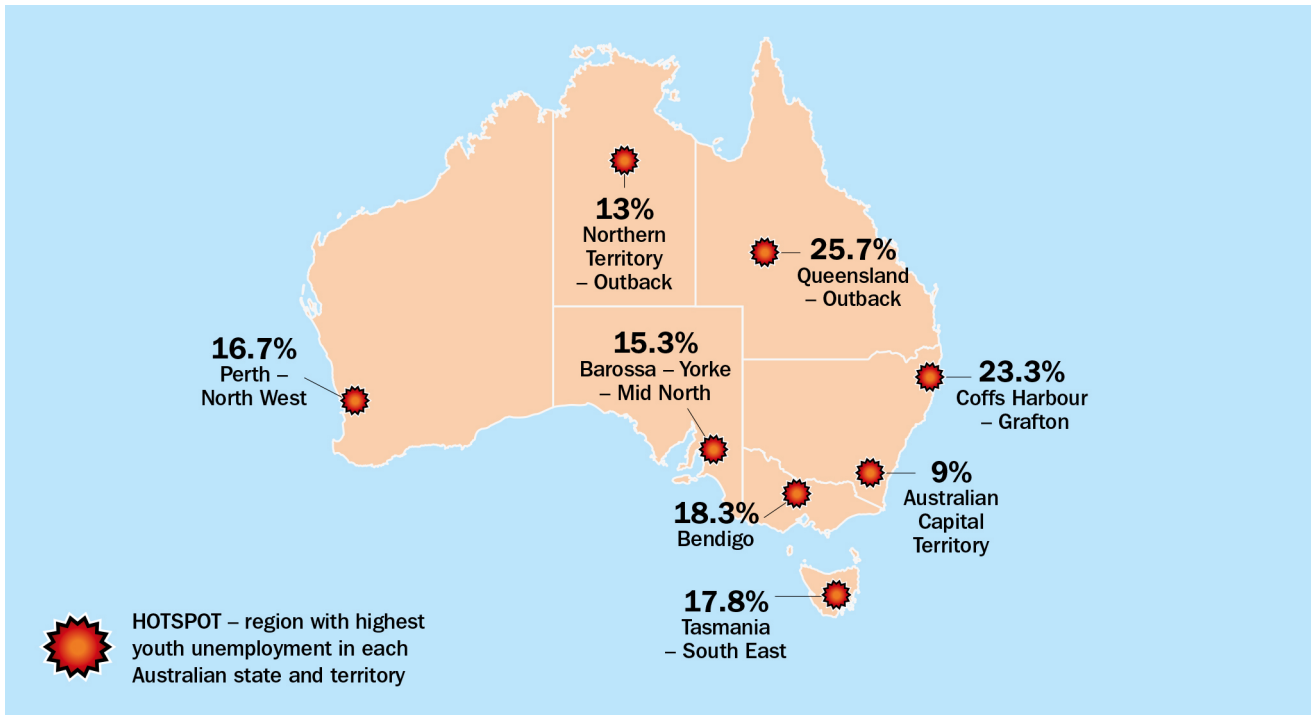
- Melbourne – West

Among the other regions in the top 20 a year earlier, most still had rates higher than the national youth unemployment rate of 11.2 per cent.

FOCUS ON STATES AND TERRITORIES

Each state or territory has its own hottest spot for youth unemployment (Figure 2).

Figure 2: The worst hotspots state by state



Youth unemployment rates vary markedly between states and territories (Table 2).

Table 2: Youth unemployment rates for each state and territory

Region	Youth unemployment rate (%)
Australian Capital Territory	9.0
New South Wales	10.3
Northern Territory	10.8
Queensland	12.8
South Australia	12.7
Tasmania	15.1
Victoria	11.4
Western Australia	14.5
Australia	11.2

Data source: LMIP calculations, 12-month average of ABS Labour Force Survey data to December 2018

VARIATION WITHIN STATES

There is significant variation in youth unemployment rates within states. Table 3 shows the national top 20 regions, comparing each with their state's youth unemployment rate.

For instance, in the Coffs Harbour – Grafton region, youth unemployment rates were 13 percentage points higher than the NSW average. In Victoria, both Bendigo and Shepparton experienced youth unemployment rates of more than 17 per cent, well above the state rate of 11.4 per cent. In the Queensland Outback region the 25.7 per cent youth unemployment rate is the highest in Australia, and much higher than the rate for Queensland as a whole. It is important to note that the overall unemployment rate (for people aged 15–64 years) for this region is also high, at 13.6 per cent compared with the rate for Australia (5 per cent). This holds for most of the 20 regions, with a high youth unemployment rate reflecting overall unemployment that's higher than the national average.

Table 3: Top 20 hotspots compared with state youth unemployment rates

Region	Youth unemployment rate (%)
New South Wales	10.3
Coffs Harbour – Grafton	23.3
New England and North West	14.3
Queensland	12.8
Queensland – Outback	25.7
Wide Bay	19.8
Moreton Bay – North	18.8
Townsville	17.3
Moreton Bay – South	16.1
Logan – Beaudesert	16.0
Sunshine Coast	14.7
South Australia	12.7
Barossa – Yorke – Mid North	15.3
Tasmania	15.1
Hobart	16.9
South East	17.8
West and North West	15.0
Victoria	11.4
Bendigo	18.3
Shepparton	17.5
Melbourne – West	15.5
Western Australia	14.5
Perth – North West	16.7
Western Australia – Wheat Belt	15.9
Perth – South East	14.9
Perth – North East	14.6

Note: Australian Capital Territory and Northern Territory regions are not among the top 20 worst hotspots nationally

Data source: LMIP calculations, 12-month average of ABS Labour Force Survey data to December 2018

TOWARDS REGIONAL SOLUTIONS

Give the regional variations illustrated by these findings, structural solutions are needed which are finely attuned to local labour markets and infrastructure.

The expertise of industry and employers needs to be harnessed, and combined with the expertise of government and community sector agencies that work with young people. Employment services staff need knowledge of local labour markets and must build strong local networks to ensure that their services can adapt to variable local conditions. The Brotherhood of St Laurence's experience of delivering employment programs has found no shortage of goodwill from employers: they are ready to play an increased role in providing jobs for young people, if they are given the right support.

The Brotherhood and a network of not-for-profit groups working in 13 regions around Australia have formed a Transition to Work Community of Practice and developed an innovative, regional approach through the formation of local Community Investment Committees.

Each committee, chaired by a local employer, brings together partners across sectors – from business, education providers, local councils, youth employment services and other community organisations. They work together to develop and implement a local economic development strategy for young people tailored to the needs of the region.

PUTTING 'MARGINALLY ATTACHED' YOUTH IN THE PICTURE

The relationship between youth unemployment and residence in regional versus urban environments may arguably be understated if we only consider the youth unemployment rate. An analysis of the latest available data from the longitudinal Household, Income and Labour Dynamics in Australia (HILDA) Survey¹ highlights another dimension.

The definition of unemployment used by the Australian Bureau of Statistics following international practice requires that a person be not working, be actively looking for work and be available to start working within four weeks. However, there is another category of people, those who are 'marginally attached' to the labour force. These people are not included in the unemployment rate, but are also not working and report wanting a job. They are either not actively looking for work even though they are available to start within four weeks, or they are actively looking for work but not available to start immediately. There can be many reasons for this: they include being told they are too young or old by employers, believing ill health or disability discourages employers, ill health, lack of jobs in their locality or line of work, or having commitments such as caring for children or study that would prevent them from taking up a job in the next four weeks.

HILDA Survey data enables us to show the percentage of young Australians aged 15 to 24 who are unemployed alongside the percentage who are marginally attached to the labour force. It also allows us to compare the percentages for major cities and for regional areas (that is, outside the major cities).

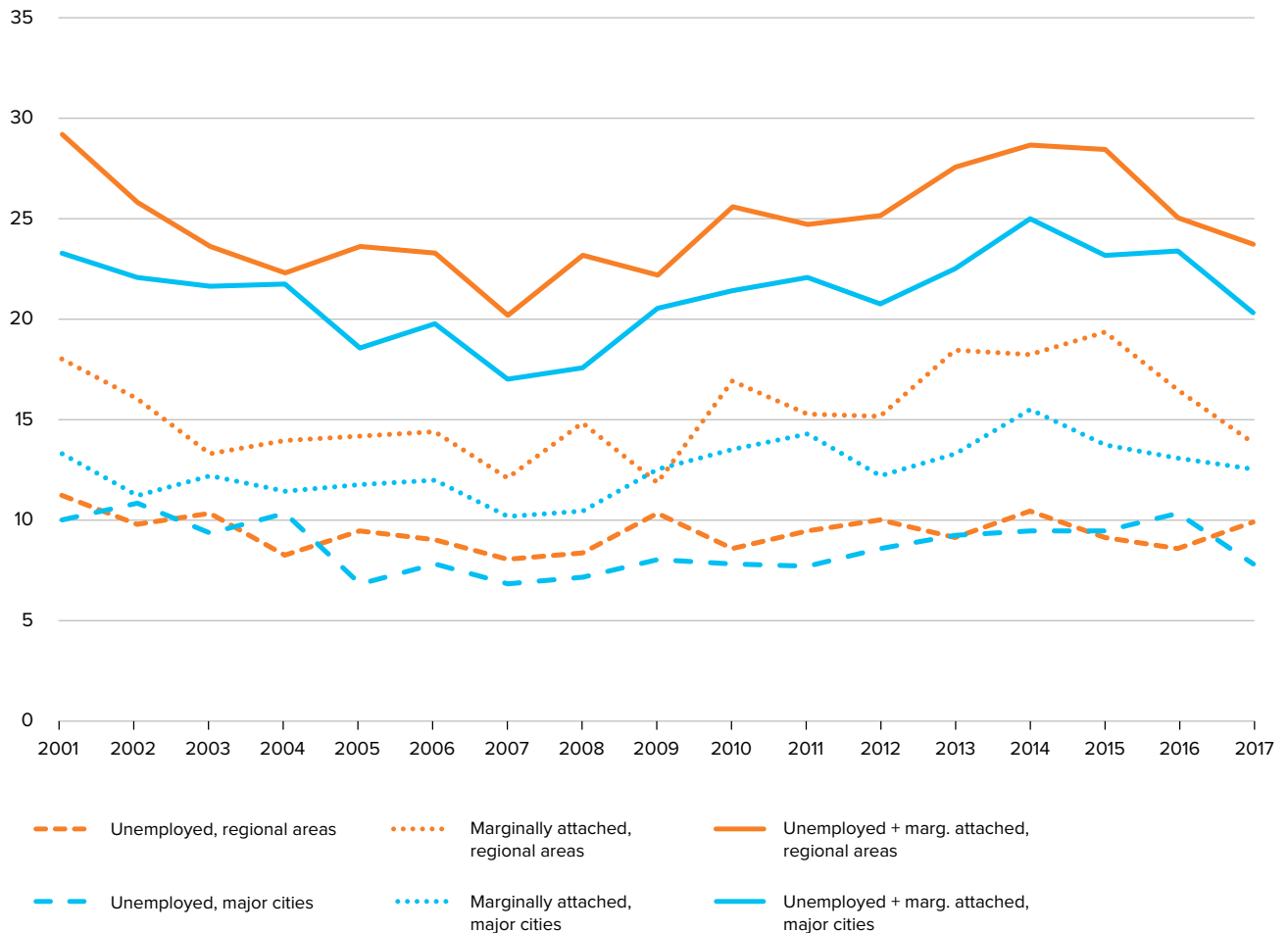
As Figure 3 (on page 9) shows, from 2001 to 2017, the percentage of 15 to 24 year olds who were unemployed tended to be higher in regional areas (taken as a whole), but not much higher, than in major cities. However, for most of the same period, the percentage of young people who were marginally attached to the labour force was markedly higher in regional areas than in major cities.

Analysis also indicates that, especially in regional areas, the number of young people who are marginally attached to the labour force is considerably larger than the number who are unemployed. When the two groups are combined, they account for about a quarter of 15 to 24 year olds in regional areas and about one-fifth of those in major cities.

This means that while recent reductions in youth unemployment rates in many areas of Australia are certainly positive, we should also be concerned about those who are wanting or intending to work, even if not they do not meet the strict definition of unemployment. This is particularly important in regional areas where jobs, training opportunities and transport options may all be scarce.

¹ The HILDA Survey began in 2001 and aims to follow the same group of more than 13,000 Australians, aged over 15 years, who are interviewed each year about a wide range of social and economic aspects of life.

Figure 3: Unemployed and marginally attached young people as percentage of the 15–24 year old population, major cities and regional areas, 2001 to 2017



Source: HILDA Survey data, Waves 1 to 17. Author’s calculations from detailed current labour force status. These figures are based on the entire 15–24 year old population, so they differ from the youth unemployment rate, which only considers those in the labour force.

NOTE:

This paper uses unit record data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey. The HILDA Project was initiated and is funded by the Australian Government Department of Social Services (DSS) and is managed by the Melbourne Institute of Applied Economic and Social Research (Melbourne Institute). The findings and views reported here, however, are those of the authors and should not be attributed to either DSS or the Melbourne Institute.

Table 4: Postcodes for 20 regions with highest youth unemployment rates in Australia, December 2018

Rank	Region	Postcodes					
1	Queensland – Outback (Qld)	4467	4479	4493	4733	4825	4880
		4468	4480	4724	4735	4828	4887
		4470	4481	4725	4736	4829	4890
		4471	4482	4726	4809	4830	4891
		4472	4488	4727	4816	4871	4895
		4474	4489	4728	4821	4872	
		4475	4490	4730	4822	4874	
		4477	4491	4731	4823	4875	
		4478	4492	4732	4824	4876	
2	Coffs Harbour – Grafton (NSW)	2370	2449	2453	2456	2463	2466
		2441	2450	2454	2460	2464	2469
		2448	2452	2455	2462	2465	
3	Wide Bay (Qld)	4306	4581	4610	4620	4650	4671
		4405	4600	4611	4621	4655	4673
		4563	4601	4612	4625	4659	4674
		4570	4605	4613	4626	4660	
		4574	4606	4614	4627	4662	
		4580	4608	4615	4630	4670	
4	Moreton Bay – North (Qld)	4019	4306	4506	4511	4516	
		4020	4313	4507	4512	4521	
		4021	4504	4508	4514	4552	
		4022	4505	4510	4515		
5	Bendigo (Vic.)	3364	3448	3472	3523	3557	3575
		3435	3450	3475	3525	3558	3576
		3437	3451	3477	3527	3559	3579
		3440	3453	3515	3537	3567	
		3442	3458	3516	3550	3570	
		3444	3461	3517	3551	3571	
		3446	3462	3518	3555	3572	
		3447	3463	3520	3556	3573	
6	South East (Tas.)	7001	7054	7119	7162	7180	7187
		7012	7109	7120	7163	7182	7190
		7017	7112	7139	7172	7183	7213
		7026	7113	7140	7177	7184	7215
		7027	7116	7150	7178	7185	7304
		7030	7117	7155	7179	7186	
7	Shepparton (Vic.)	2714	3564	3616	3630	3640	3685
		3523	3565	3617	3631	3641	3727
		3551	3566	3618	3633	3644	3728
		3557	3572	3620	3634	3646	3730
		3558	3573	3621	3635	3647	
		3559	3608	3622	3636	3649	
		3561	3610	3623	3637	3669	
		3562	3612	3624	3638	3675	
		3563	3614	3629	3639	3678	
8	Townsville (Qld)	4806	4809	4812	4815	4818	4850
		4807	4810	4813	4816	4819	
		4808	4811	4814	4817	4820	
9	Hobart (Tas.)	7000	7011	7020	7030	7140	7175
		7004	7012	7021	7050	7150	7176
		7005	7015	7022	7052	7170	7177
		7007	7016	7023	7053	7171	
		7008	7017	7024	7054	7172	
		7009	7018	7025	7055	7173	
		7010	7019	7026	7109	7174	

Rank	Region	Postcodes					
10	Perth – North West (WA)	6014	6021	6027	6033	6050	6064
		6015	6022	6028	6034	6052	6065
		6017	6023	6029	6035	6059	6077
		6018	6024	6030	6036	6060	6078
		6019	6025	6031	6037	6061	6079
		6020	6026	6032	6038	6062	
11	Moreton Bay – South (Qld)	4035	4053	4055	4501	4503	4520
		4037	4054	4500	4502	4509	4521
12	Logan – Beaudesert (Qld)	4114	4123	4128	4132	4270	4287
		4117	4124	4129	4133	4275	
		4118	4125	4130	4205	4280	
		4119	4127	4131	4207	4285	
13	Western Australia – Wheat Belt (WA)	6041	6323	6367	6411	6472	6516
		6042	6324	6368	6412	6473	6521
		6043	6326	6369	6413	6475	6558
		6044	6327	6370	6414	6476	6560
		6083	6328	6372	6415	6477	6562
		6084	6330	6373	6418	6479	6564
		6207	6333	6375	6419	6480	6566
		6213	6335	6383	6420	6484	6567
		6225	6336	6384	6421	6485	6568
		6244	6337	6385	6422	6487	6569
		6302	6338	6386	6423	6488	6571
		6304	6341	6390	6424	6489	6572
		6306	6343	6391	6425	6490	6574
		6308	6350	6392	6426	6501	6575
		6309	6351	6393	6427	6502	6603
		6311	6352	6394	6428	6503	6605
		6312	6353	6395	6460	6504	6606
		6313	6355	6396	6461	6505	6608
		6315	6356	6397	6462	6506	6609
		6316	6357	6401	6463	6507	6612
		6317	6358	6403	6465	6509	6613
		6318	6359	6405	6466	6510	
		6320	6361	6407	6467	6511	
		6321	6363	6409	6468	6512	
		6322	6365	6410	6470	6513	
		14	Melbourne – West (Vic.)	3011	3018	3023	3028
3012	3019			3024	3029	3038	3340
3013	3020			3025	3030	3211	3341
3015	3021			3026	3032	3335	3427
3016	3022			3027	3036	3337	
15	Barossa – Yorke – Mid North (SA)	5235	5400	5422	5470	5502	5570
		5320	5401	5431	5471	5510	5571
		5350	5410	5432	5472	5520	5572
		5351	5411	5433	5473	5521	5573
		5352	5412	5440	5480	5522	5575
		5353	5413	5451	5481	5523	5576
		5355	5414	5452	5482	5540	5577
		5356	5415	5453	5483	5550	5580
		5360	5416	5454	5485	5552	5581
		5371	5417	5455	5490	5554	5582
		5372	5418	5460	5491	5555	5583
		5373	5419	5461	5493	5556	5710
		5374	5420	5462	5495	5558	
		5381	5421	5464	5501	5560	

Rank	Region	Postcodes					
16	West and North West (Tas.)	7256	7306	7316	7325	7467	
		7275	7307	7320	7330	7468	
		7304	7310	7321	7331	7469	
		7305	7315	7322	7466	7470	
17	Perth – South East (WA)	6057	6102	6107	6112	6125	6151
		6058	6103	6108	6121	6126	6152
		6076	6104	6109	6122	6147	6155
		6100	6105	6110	6123	6148	6182
		6101	6106	6111	6124	6149	
18	Sunshine Coast (Qld)	4517	4552	4557	4562	4567	4573
		4518	4553	4558	4563	4568	4574
		4519	4554	4559	4564	4569	4575
		4550	4555	4560	4565	4571	
		4551	4556	4561	4566	4572	
19	Perth – North East (WA)	6050	6055	6064	6070	6076	6084
		6051	6056	6066	6071	6079	6090
		6052	6059	6067	6072	6081	6556
		6053	6062	6068	6073	6082	6558
		6054	6063	6069	6074	6083	6560
20	New England and North West (NSW)	2338	2350	2361	2386	2403	2475
		2339	2351	2365	2387	2404	2476
		2340	2352	2369	2388	2405	2833
		2341	2353	2370	2390	2406	4383
		2342	2354	2371	2397	2408	4385
		2343	2355	2372	2398	2409	
		2344	2356	2379	2399	2410	
		2345	2358	2380	2400	2411	
		2346	2359	2381	2401	2453	
		2347	2360	2382	2402	2469	