



# RESEARCH NOTE

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## The Labour Market for Teenage Youth

### Background

Economic analysts and social commentators often draw the distinction between the relatively high unemployment rates experienced by teenage youth aged 15 to 19 years and the unemployment rate for all persons over the age of 15 years.

This Research Note explains the nature of the labour market for teenage youth and how it contrasts with the labour market for all persons.

The indicator most often quoted by commentators to illustrate changes in the youth labour market is the teenage full-time unemployment rate in seasonally adjusted terms. This rate has risen from 15.9 per cent in April 1981 to 23.3 per cent in April 2001. It peaked at 34.5 per cent in the middle of 1992.

In contrast, the full-time unemployment rate for all persons increased from only 5.5 per cent in April 1981 to 7 per cent in April 2001, having peaked at 12 per cent in mid-1992<sup>1</sup>.

### Impact of Full-Time Education

The major distinction between the labour market for youth and for the general workforce is that between 60 and 70 per cent of youth aged 15 to 19 years are in full-time education. This precludes a substantial number of teenage youth from participating in the full-time labour force but not from holding part-time jobs.

There has been substantial growth in part-time employment for students in recent years. This growth has been driven by the greater demand by students for part-time work, along with the increasing supply of part-time jobs that has been facilitated by the strong growth of employment in service industries.

Almost 10 000 full-time students stated in the Labour Force Survey in April 2001 that they were unemployed and looking for full-time work. A large proportion of these persons could be

expected to give up full-time education if they could find a full-time job.

When explaining the severity of the youth unemployment problem in June 1992, the former Prime Minister Mr Paul Keating, drew attention to the restriction on entry to the full-time labour market of full-time students. He suggested that full-time students were effectively excluded from the full-time labour market and that consequently we should be more concerned with the 20 to 30 per cent of the teenage youth population who were in the full-time labour force. At the time he suggested that about a third of the full-time labour force were unemployed and looking for work. He also stated that the number of full-time unemployed represented about 10 per cent of the teenage population.<sup>2</sup>

In the depths of the recession in mid-1992, just over **63 per cent** of teenage youth were in full-time education.

Australian Bureau of Statistics labour force data<sup>3</sup> indicates that of the remaining youth not attending an educational institution, 110 800 were unemployed and looking for full-time work. There were also 11 500 full-time students who were unemployed and looking for full-time work at this time.

In total, 122 300 teenage youth were unemployed and looking for full-time work which represented **33.9 per cent** of the full-time labour force for teenage youth.

The full-time unemployment to population ratio for all teenage youth was **8.6 per cent**.

How does this compare with the situation today? The table below shows that in April 2001, almost **68 per cent** of teenage youth were in full-time education. Of those not in full-time education, 60 000 were unemployed and looking for full-time work. There were 9 600 full-time students who were unemployed and looking for full-time work. In total, 69 600 teenage youth were looking for full-time work which represented **23.2 per cent** of the full-time labour force. The full-time unemployment to population ratio for all teenage youth stood at **5.1 per cent**.

The table below shows dramatic shifts in the youth labour market between April 1986 and April 2001. The proportion of teenage youth in full-time education has grown from just over a half to over two thirds. The number of full-time jobs for non-students has fallen by 212 400 while the number looking for full-time work has fallen by

Labour Market Status of Teenage Youth Population

	April 1986		April 2001		Change in Level Apr 86 to Apr 01
	Level	Prop of Total Population (%)	Level	Prop of Total Population (%)	
<i>In FT Education</i>	672100	50.4	918600	67.6	246500
Working FT	8600	0.6	6800	0.5	-1800
Working PT	176400	13.2	353200	26.0	176800
Unemployed looking for FT Work	8300	0.6	9600	0.7	1300
Unemployed looking for PT Work	38100	2.9	70800	5.2	32700
Not in labour force	440800	33.1	478200	35.2	37400
<i>Not in FT education</i>	660500	49.6	440400	32.4	-220100
Working FT	436100	32.7	223700	16.5	-212400
Working PT	55500	4.2	87900	6.5	32400
Unemployed looking for FT Work	110600	8.3	60000	4.4	-50600
Unemployed looking for PT Work	4700	0.4	4900	0.4	200
Not in labour force	53700	4.0	63900	4.7	10200
<b>Total Population</b>	<b>1332600</b>		<b>1359000</b>		<b>26400</b>

Source: *Labour Force* (ABS Cat No. 6202.0 Tables 1 and 7—original data)

50 600. The actual number of teenage youth not in full-time education fell by 220 100.

### Increasing incidence of employment among full-time students

In April 1986, 185 000 or 27.5 per cent of the full-time student population aged 15 to 19 years held a job. In April 2001, just over 360 000 full-time students or almost 40 per cent of the student population held a job, with over 98 per cent of them being in a part-time capacity.<sup>4</sup>

### Change in Youth Unemployment Level

The adjacent chart tracks the unemployment rate and level for youth looking for full-time work between April 1981 and April 2001.<sup>5</sup>

The level of unemployed youth looking for full-time work peaked at 163 100 in September 1983. A sustained period of economic growth resulted in a steady decline in teenage youth full-time unemployment to a low of 73 400 in November 1989.

Part of the fallout from the recession of the early 1990s was the steady growth in teenage youth full-time unemployment to 133 300 in July 1992. Another period of sustained economic growth witnessed the decline in full-time unemployment for teenage youth to 58 300 in October 2000. It has since risen to 71 100 in April 2001.

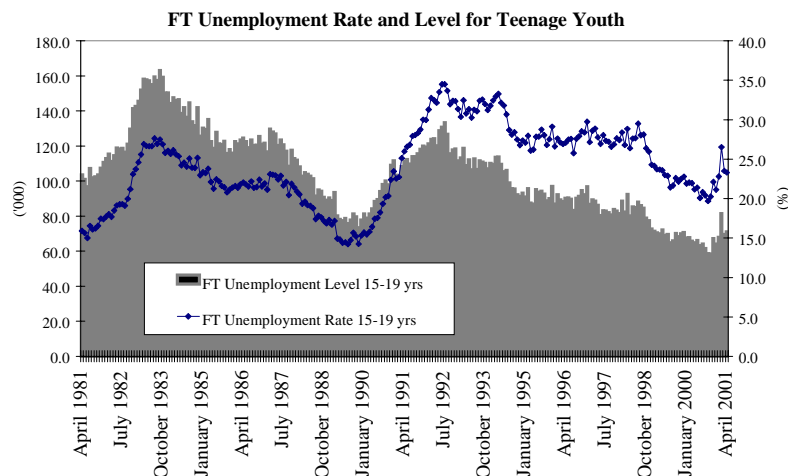
The chart also plots the full-time unemployment rate for youth. After peaking at 34.5 per cent in mid-1992 it declined steadily to a post-recession low of 19.7 per cent in September 2000. It has since risen to 23.3 per cent in April 2001.

### Composition of Employment for teenage youth

The composition of employment for youth aged 15 to 19 years has changed dramatically in the last twenty years. Only one third of employed teenage youth were in full-time jobs in April 2001 compared with 79 per cent in April 1981. Full-time employment for all youth aged 15 to 19 years fell by almost 60 per cent in the twenty year interval while part-time employment almost tripled. Total employment for teenage youth fell by 31 200<sup>6</sup>.

Composition of Employment for Teenage Youth and Change in Level—Apr 81 to Apr 01

	Apr-81	Prop of Total Apr 81 (%)	Apr-01	Prop of Total Apr 01 (%)	Level Change Apr 81 to Apr 01	% Change Apr 81 to Apr 01
Employed Part-Time (000psns)	147.1	20.9	441.2	65.7	294.1	199.9
Employed Full-Time (000psns)	555.8	79.1	230.5	34.3	-325.3	-58.5
Employed Total (000psns)	702.9		671.7		-31.2	-4.4



The major driving forces behind the shift in composition of teenage employment has been the increasing proportion of teenage youth opting to stay in full-time education, the increasing proportion of students choosing to work part-time and the increasing availability of part-time jobs. Full-time employment, as a proportion of total employment for teenage youth who are non-students, has fallen from 88.7 per cent in April 1986 to 71.8 per cent in April 2001.

Of the 450 000 teenage youth working part-time in May 2001, 138 600 or 31 per cent would prefer to work more hours. In May 1986, 22.2 per cent of teenage youth working part-time wanted to work more hours<sup>7</sup>.

### Conclusion

The state of the labour market for teenage youth has improved substantially in the last eight years given the decline in the level of full-time unemployment and the full-time unemployment rate. While full-time employment opportunities have fallen for non-students, their numbers are dwindling, as more teenage youth are opting to stay in full-time education and are combining their studies with part-time employment.

1. *Labour Force* (ABS Cat No. 6202.0 Table 5).
2. Interview on ABC Program AM, 18 June 1992.
3. *Labour Force* (ABS Cat No. 6202.0 Tables 1 and 7—original data).
4. *ibid.*
5. *Labour Force* (ABS Cat No. 6202.0 Table 5).
6. ABS Labour Force Supplementary Tables (ABS Cat No. 6291.0.40.001) original data.
7. *Labour Force* (ABS Cat No. 6203.0) Table 33).

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*Views expressed in this Research Note are those of the author and do not necessarily reflect those of the Information and Research Services and are not to be attributed to the Department of the Parliamentary Library. Research Notes provide concise analytical briefings on issues of interest to Senators and Members. As such they may not canvass all of the key issues. Advice on legislation or legal policy issues contained in this paper is provided for use in parliamentary debate and for related parliamentary purposes. This paper is not professional legal opinion.*

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