

High unemployment at a time of low unemployment

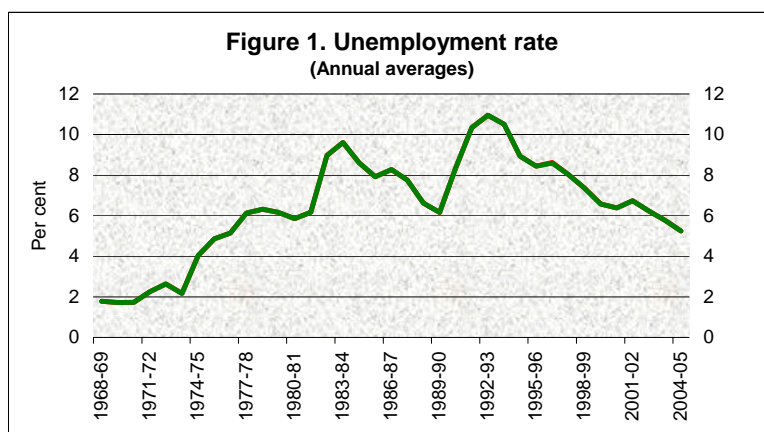
In 2004–05, Australia had an average annual unemployment rate of 5.3 per cent. This was Australia's lowest rate of unemployment in 28 years and well below the peak rate of 10.7 per cent reached in 1992–93 at the time of the last recession. (See Figure 1.)

Despite a low rate of general unemployment, there are still many groups in the community for whom the unemployment rate is well into double digits, or more than twice the average rate. The purpose of this Research Note is to look at these groups—teenagers, Indigenous Australians, single parents, recent arrivals to Australia and certain nationalities of migrants—who comprise the most disadvantaged members of the labour market. (See Figure 2.)

Teenagers

Around 130 000 teenagers, or 15.2 per cent of the teenage labour force, were unemployed in 2004–05. As a large number of these were students in search of a part-time job, the unemployment rate for teenagers is more meaningfully expressed in terms of those looking for a full-time job. In 2004–05 there were 61 800 teenagers looking for a full-time job, representing 20.1 per cent of the teenage full-time labour force.

Although the teenage full-time unemployment rate is currently very high—3.9 times larger than the corresponding figure for the general population—it is a much better outcome than in 1992–93, when the rate was 32.2 per cent. The rate for teenagers has fallen



therefore by more than a third since the last recession. This compares unfavourably, however, with the community generally, where the full-time unemployment rate has more than halved, falling from 11.9 per cent in 1992–93 to 5.2 per cent in 2004–05. In other words, teenagers have lagged behind the rest of the community in reaping the benefits of an improved labour market since 1992–93.

Indigenous Australians

The unemployment rate for the Indigenous population is 3.4 times higher than the population as a whole. In 2002 (the latest year for which such data are available) there were around 30 000 unemployed Indigenous Australians aged 18-64 years, with an unemployment rate of 20.3 per cent. The corresponding rate for the population as a whole was 5.9 per cent.

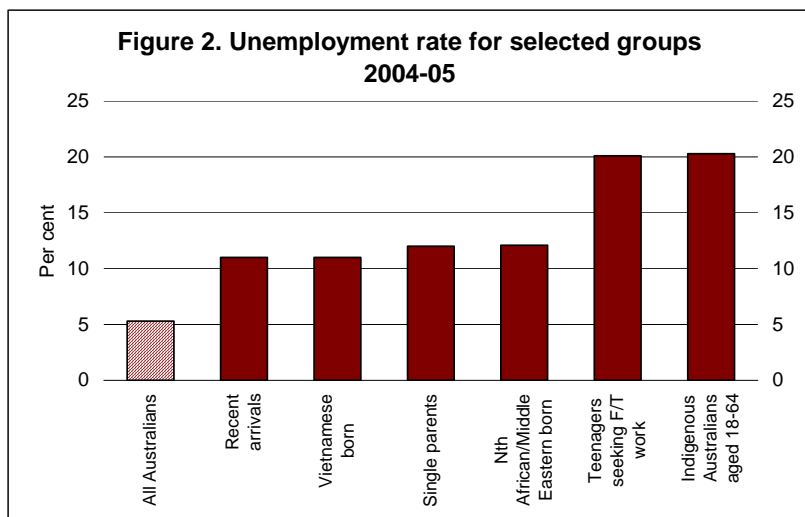
In addition to having a higher unemployment rate than the population overall, Indigenous Australians are more likely to be employed on a part-time basis. In other words, there is also likely to be a higher degree of underemployment among

Indigenous people than there is in the rest of the population.

It should also be noted that there are many Indigenous people who participate in the Community Development Employment Program (CDEP) scheme who, in the absence of such a scheme, would be classified by the Australian Bureau of Statistics as unemployed or not in the labour force. To participate in the CDEP scheme, which provides Indigenous people with training and employment experience, the unemployed members of an Indigenous community voluntarily forgo their Centrelink entitlements. At June 2004 there were 36 000 participants in the CDEP scheme.¹

Single parents

At 12.0 per cent, the unemployment rate for single parents at June 2005 was more than twice the rate for all persons and more than four times the rate for persons in a couple relationship (2.8 per cent). The rate for single parents with children under 15 years was higher still at 16.4 per cent, but only 5.6 per cent for single



parents with children 15 years and over.

Despite a fall in the unemployment rate for single parents since the last recession, the number of unemployed single parents has continued to grow as single parent families have become the fastest growing family type in Australia.

Between June 1993 and June 2005, the number of unemployed single parents increased from 39 400 to 57 200, despite a fall in their unemployment rate from 17.3 to 12.0 per cent. This contrasts with unemployed persons in a couple relationship who fell in number from 369 900 to 176 900 and experienced a fall in their unemployment rate from 7.2 to 2.8 per cent.

Overseas-born in North Africa/Middle East or Vietnam

Persons who have come to Australia from either North Africa and the Middle East or from Vietnam, have rates of unemployment much higher than other overseas-born persons. At June 2005, there were 23 900 unemployed persons who had come to Australia from these regions, with an unemployment rate of 12.1 per cent for those from North Africa and the Middle East and an unemployment rate of 11.0 per cent for those from Vietnam.

This compares with a rate of 5.3 per cent for all overseas-born persons and a rate of 6.2 per cent for those born in non-English speaking countries.

Factors which contribute to the higher than average unemployment rates for migrants from the above regions include their low level of English language proficiency as well as the high proportion that come to Australia under the humanitarian and (to a lesser extent) family reunion categories. Unlike other categories of migrants, people who come to Australia under these categories are not selected on the basis of their employability. North Africa and the Middle East are currently priority regions of refugee and humanitarian resettlement (and subsequently family reunion). Vietnam was previously a priority region.

Recently arrived migrants

Migrants who have been in Australia for less than five years are at an obvious disadvantage in the labour market owing to their lack of local knowledge, absence of an effective network of contacts, and poor language skills in the case of those migrants from non-English speaking countries.

At June 2005, there were 36 400 unemployed migrants who had arrived in Australia between

2001 and 2005. Of these, three-quarters were from non-English speaking countries. The unemployment rate for recently arrived migrants was 10.9 per cent and for those from non-English speaking countries the rate was higher still at 13.2 per cent. This compares with a rate of 4.5 per cent for migrants who arrived before 2001 and a rate of 4.7 per cent for persons born in Australia.

While recently arrived migrants generally have high rates of unemployment, the main exception is migrants from the Business Skills/Employer Nomination Scheme categories. The Longitudinal Survey of Immigrants to Australia² has identified that of migrants in these categories who arrived between September 1999 and August 2000, a negligible number were unemployed 18 months later.

1. See SCRGSP (Steering Committee for the Review of Government Service Provision) 2005, *Overcoming Indigenous Disadvantage, Key Indicators 2005*, Productivity Commission, Canberra, pp 3.34–3.37.
2. See S. Richardson et al. *The Changing Labour Force Experience of New Migrants*, Department of Immigration and Multicultural and Indigenous Affairs, Canberra, 2004.

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