Youth unemployment statistics: a quick guide

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

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

Labour force framework

Who are unemployed people?
The International Labour Organization (ILO) describes unemployed people as those who during a specific recent period were: not working; available to work; and undertaking activities to seek work. The concept of ‘without work’ is used to distinguish unemployed people from the employed. A person must not have undertaken any work at all (not even for one hour) during the reference period.

How is youth unemployment measured?
The Australian Bureau of Statistics (ABS) conducts a monthly Labour Force Survey. This household survey is designed to produce key estimates of unemployment (and employment) from a sample of approximately 50,000 people.

**Unemployed persons** are defined as all persons aged 15 years and over who were not employed during the reference week and:
- had actively looked for work and were available to work (in the reference week), or
- were waiting to start a new job.

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

More information on the measurement of unemployment is available from the ABS.

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

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

**The number of young unemployed people (head count)**

Each month the ABS estimates the number of unemployed people, releasing trend, seasonally adjusted and original data. The level of youth unemployment is subject to fluctuations throughout the year, particularly around peak times of education commencement or conclusion. Trend and seasonally adjusted estimates aim to account for these types of variations. If original estimates are to be used, care should be taken when analysing any month-to-month, or period-to-period changes; the use of an annual average is recommended. Graph 1 shows changes in the number of young unemployed people from the start of the data series until the most recent period.

1. **Young unemployed people (15 to 24 years)—trend**

![Graph showing changes in the number of young unemployed people from the start of the data series until the most recent period.

Source: ABS, *Labour force, Mar 2018*, cat. no. 6202.0

**Youth unemployment rate**

The rate is the number of young unemployed people expressed as a proportion of the labour force (in the same age group). This measure is applied in the same way as the general unemployment rate. The key data sources are the same as for the number of young unemployed (see previous page). Graph 2 (on the next page) provides the youth unemployment rate from the start of the data series until the most recent period.

The unemployment rate is subject to some criticism, being thought of as too simplistic to reflect the complex work/study situations that often apply to young people. The ILO explains that youth unemployment rates are frequently misinterpreted, as they do not provide a measure of young unemployed people as a share of the youth population, but as a share of the youth labour force. Altshuler, Barnes, Hill, Matlack and others have commented on the adequacy of the measure, stating the rate does not account for the high proportion of people currently in education or training. It is therefore suggested that the youth unemployment ratio be used as an alternate or additional measure (see the following segment).
2. Youth unemployment rate (15 to 24 years)—trend

Youth unemployment ratio

The ratio is the number of young unemployed people expressed as a proportion of the civilian population (in the same age group). The ratio differs from the rate as it accounts for the whole population of young people not solely those in the labour force (i.e. employed or unemployed). The ratio helps to provide an indication of young peoples’ unemployment experiences, which are often complicated by transitions into and out of education and work. Graph 3 (on the next page) provides the youth unemployment ratio for people aged 15 to 19 years and 20 to 24 years from the start of the data series until the most recent period. Labour Force, detailed — electronic delivery provides the underlying data for the calculation of the ratio, see Table 13.

3. Youth unemployment ratio by age—annual average

Source: ABS, Labour force, Mar 2018, cat. no. 6202.0

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What are the key ABS data sources?

For both the number and rate of unemployed, *Labour force* provides monthly updates, see: Tables 13, 15, 16 and 17. *Labour Force, detailed – electronic delivery* provides data specifically on young people (aged 15 to 24 years), as well as by selected age groups (e.g. 15 to 19 years, 20 to 24 years). For unemployment data see: Tables 1, 3, 14d and 20a and Data cubes LM1, LM3, LM3a, LMS, LM9, UM3, RM1, FM2 and NM1. There are also Data cubes providing estimates of youth employment.

For more specialised data, *Labour force, detailed, quarterly* (cat. no. 6291.0.55.003) provides: volume measures of underutilisation (Table 23b); selected age groups by educational attendance (Table 25b); and retrenchment by age (Table 29b).

What other measures are available?

Specific criteria can be applied to the youth population to account for their different job seeking, work and study scenarios. Extended measures of youth unemployment can be created using additional variables. Some of these are briefly summarised below.

**Youth full-time unemployment rate**

This measure is the number of young unemployed people looking for full-time work as a proportion of the youth full-time labour force (in the same age group). The labour force therefore excludes young people who are looking for part-time work and those who are employed part-time. Data is available from Table 13, *Labour force*.

**Youth unemployment/Fully active ratio**

A useful variable for assessing estimates of youth unemployment is ‘educational attendance’. This variable indicates a person’s involvement in study or training, and can be combined with their labour force status to analyse a variety of study/work scenarios. Educational attendance can be used to identify young people who are studying, so that an adjustment can be made to both the unemployed and labour force populations. A ratio is then created that expresses the number of unemployed youth who are not studying full-time as a proportion of the youth labour force plus those who are studying full-time. Original data is available each month from Tables 15 (by sex) and 16 (by state/territory) of the *Labour force*. More detailed information, including NEET rates (measures of young people Not in Education, Employment or Training), is available from the publication, *Education and Work* (cat. no. 6227.0)

**Share of unemployed youth in total unemployment**

This measure expresses the number of young unemployed as a proportion of all unemployed people. It can be used to provide an indication of the degree to which unemployment is a youth-specific problem, rather than a general problem. It is generally used as part of a suite of indicators, rather than as a stand-alone measure. Graph 4 (on the next page) provides young unemployed people as a proportion of total unemployed from the start of the data series until the most recent period. See Table 1 in *Labour Force, detailed – electronic delivery* for data by five-year age groups.
4. Youth (15 to 24 years) share of total unemployment—annual average

[Graph showing the percentage of youth unemployment for men and women from 1978 to 2018]

Source: ABS, *Labour force, Mar 2018*, cat. no. 6202.0

**Is electorate level data available?**

The five-yearly *Census of Population and Housing* provides data for small statistical areas, including Commonwealth Electoral Divisions (2016 boundaries). The most recent Census was held in August 2016. The *General Community Profile* series provides selected information, including: labour force status (by age and sex), employment rates, full-time and part-time workers, industry of employment and occupation.

**Where can I find regional data?**

Regional estimates of unemployment by age are released by the ABS in *Labour force, detailed – electronic delivery*, see Data cube RM1. This release provides data for the smallest geographic areas available (excluding the Census). Data is from the original (unadjusted) series and due to the small sample sizes the sampling errors with some estimates may be quite high. The use of an annual average is recommended.

**Statistical Area Level 4 (SA4) or ABS ‘Labour market region’**

SA4s are designed for the dissemination of labour force estimates and to reflect labour markets within each state and territory. They cover 87 spatial areas across Australia. For Library clients, a correspondence between Commonwealth Electoral Divisions and selected geographies (including SA4s) is available via the Library portal, see ‘Your electorate’ > ‘Population’.

The Department of Jobs and Small Business publishes ABS regional labour force data (SA4) on their *Labour Market Information Portal*. The portal provides a snapshot of the monthly data, including youth unemployment (15 to 24 years). The data can be accessed through drop-down menus on the home page.
What about jobseekers receiving allowances?
The *Labour market and related payments monthly profile* publication provides data on Newstart (and some other benefit) recipients based on Department of Social Services administrative data, see Tables 1 and 6. Note that the figures vary to those released by the ABS due to differing methodologies in calculating ‘unemployed’ persons. See the ‘Appendix’ for more information.

What other sources provide information on the young unemployed?
The ABS releases publications from a range of supplementary labour, household and social surveys. A summary of the most relevant sources follows.

**Education and work**, cat. no. 6227.0
This survey provides information on people’s involvement in education and work, their current studies, transitions into work and demographic characteristics (for people aged 15 to 74 years). It also provides a measure of people’s level of engagement in employment or study.

**Participation, job search and mobility**, cat. no. 6226.0
This survey provides information on people looking for work, or potentially able to look for work. It includes details of difficulties finding work, types of activities taken to find work and reasons people may have not been actively looking for work (e.g. study). It also publishes measures of extended labour force underutilisation.

See also: *Barriers and incentives to labour force participation* (cat. no. 6239.0); *Characteristics of employment* (cat. no. 6333.0); and *Household income and wealth* (cat. no. 6523.0).

Where can I find international comparisons?

ILO, *Decent jobs for youth - the global initiative for action*. This webpage provides background on this United Nations (UN) initiative, it also provides a brochure and links to useful resources.

OECD, *Work on youth*. This webpage provides summary indicators (including NEET rates) and links to relevant publications, for young people.