

# Who's looking for work?

Unemployment and underemployment in Australia, 2019

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## Executive Summary

One of the challenges in the Australian labour market is that while we know people are looking for work, we don't always know *who* is looking for work.

In this report, I clarify who these people are - where they are, how old they are and whether there are gender differences. Where I can, I shed light on industries too.

**What I find is that when underemployment and unemployment are measured together, these people account for almost 1-in-7 people in the labour market.**

Generally speaking, this is impacting men more than women, and young people record the highest *number* of people in these groups, but people traditionally heading toward retirement have the largest *percentage* increases.

While the participation rate has increased, I do not believe that this is having a significant impact on the increased rates of people looking for work.

By breaking the headline unemployment figure down and looking more closely at underemployment, I develop a clearer picture of the Australian labour market and where attention should be paid.

A simple increase or decrease in the unemployment rate or the number of unemployed people is neither good nor bad on its own, the story is always more complex than that.

I hope this report sheds light and is useful in better understanding this complex matter.

## Key statistics

### Across the economy:

- There are 718,000 unemployed people; and,
- There are 1,088,000 underemployed people.

Together that equates to 13.26 per cent of the labour market, almost 1-in-7 people in the labour force.

### Unemployment:

- 44,700 more people are now unemployed than they were a year ago; and,
- Queensland has seen the highest gain in unemployed people in the past twelve months, by 18,200 people.

Since 2018:

- Nationally women's unemployment has dropped by 3,600 people, while men's has increased by 48,300, or 4,025 people per month over twelve months
  - Men in Queensland account for 56.11 per cent of this increase
  - All states have recorded an increase in male unemployment
  - South Australia has recorded the biggest percentage increase in unemployed people, by 13.98 per cent
- After a long run of unemployment decreasing in New South Wales, there are increases in both men and women looking for work
- The biggest percentage growth in unemployment has been in the over 65s, by 16.51 per cent
  - However, people aged 15-34 contributing to 55.48 per cent of all numerical increases in unemployed people
- Men aged 45-54 have had the highest percentage increase in unemployment in the past year by 23.62 per cent
  - Young men have had the highest numerical increase in unemployment, by 17,600 people for 15-24 year olds and 11,400 people for 25-34 year olds, which accounts for 60.04 per cent of all newly unemployed men
- Women aged over 65 have recorded a 65.20 per cent increase in the past year

### Underemployment:

- There has been an increase of 129,500 people being underemployed in the past year.

Since 2018:

- 30,300 people have indicated that they are now underemployed which represents 55.67 per cent of all increase in underemployed people across the entire five years
- The Northern Territory and Tasmania have seen the largest percentage increases in underemployment (25.43 per cent and 11.73 per cent respectively)
  - Victoria has seen the largest numerical increase of 17,900 people
- Male underemployment over the past year has grown by 10.07 per cent, women's underemployment has grown by 3.29 per cent
- New South Wales and Victoria have seen some of the highest rates of increase male underemployment, by 18.86 per cent 14.17 per cent (or 29,500 and 17,300 people respectively)
- The reason why overall underemployment doesn't show up notably in New South Wales overall is that female underemployment has dropped by 13.18 per cent (being 23,000 people) which nullifies 77.96 per cent of overall underemployment
- People aged 35-64 recorded a decrease in being underemployed, by 5,800 collectively
  - People aged over 65 recorded a percentage increase in underemployment by 26.57 per cent, or 8,600 people
  - People aged 15-24 and 25-34 which recorded increases of 3.36 per cent and 7.01 per cent respectively, have seen a numerical increase of 27,400 people now underemployed

Since 2014:

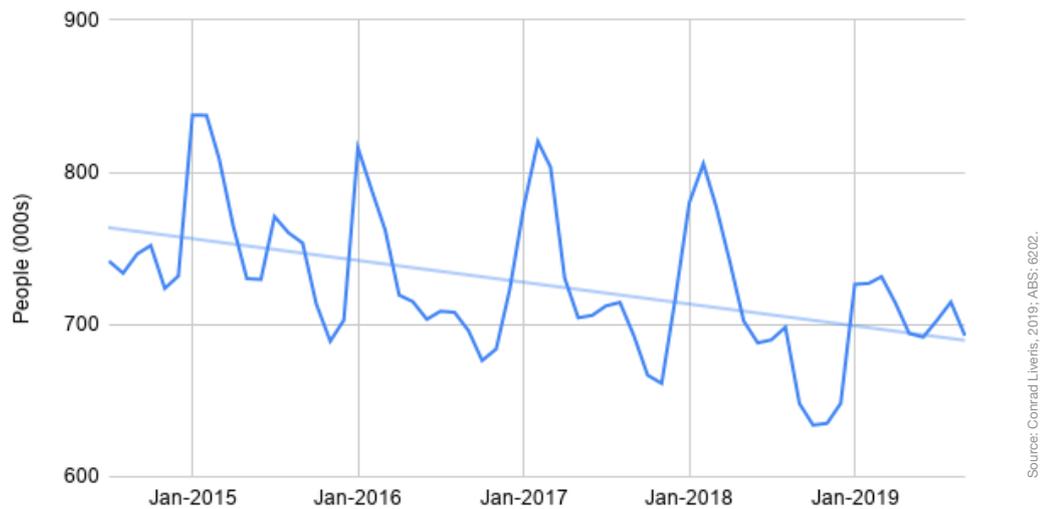
- Western Australia recorded the highest numerical increase of 32,600 people, which marginally decreased by 4,200 in the past year

# Unemployment

- The number of unemployed people has dropped the most in Victoria in the past year;
- Queensland has the highest increase in unemployed people, with male unemployment growth driving almost all of this in the last year; and,
- Across age groups, the number of unemployed people has increased most distinctly at the younger and older ends

Who the unemployed are can be lost in the focus and conjecture about the unemployment rate (currently 5.1 per cent nationally). To understand the makeup of who is actually looking for work you need to dig deeper.

Total number of unemployed Australians, since 2014



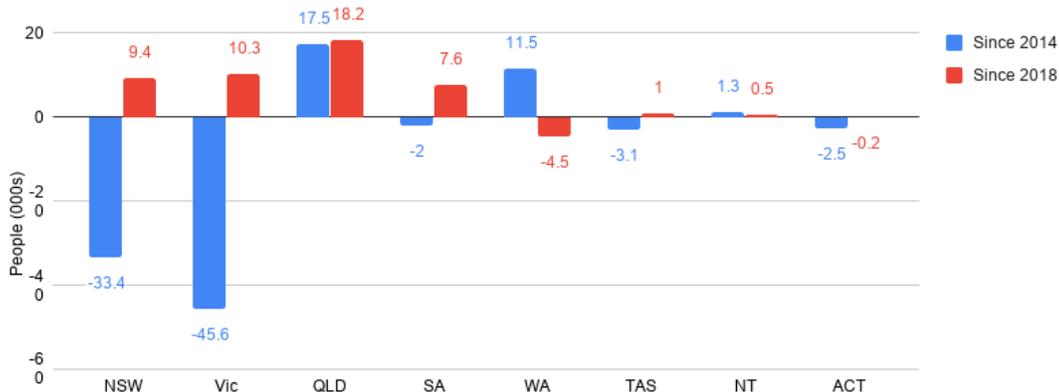
In the past year, though the trend line shows a steady decrease, the number of unemployed people has increased by 6.46 per cent, or 44,700 people, compared to the same time in the previous year. This almost nullifies the reduction in the number of unemployed people over the past five years, which reduced by 53,600 people or 7.74 per cent.

There are traditional bumps in unemployment around the early part of the year with the traditional January-February lay off period which hasn't occurred in 2019, at the same time there has not been as steep a decline.

## By state and territory

Over the past year, the largest percentage increase in unemployed people was in South Australia, by 13.98 per cent or 7,600 people. The largest numerical increase was in Queensland which has seen 18,200 people become unemployed in the past year.

Change in the number of unemployed people over one and five years by state

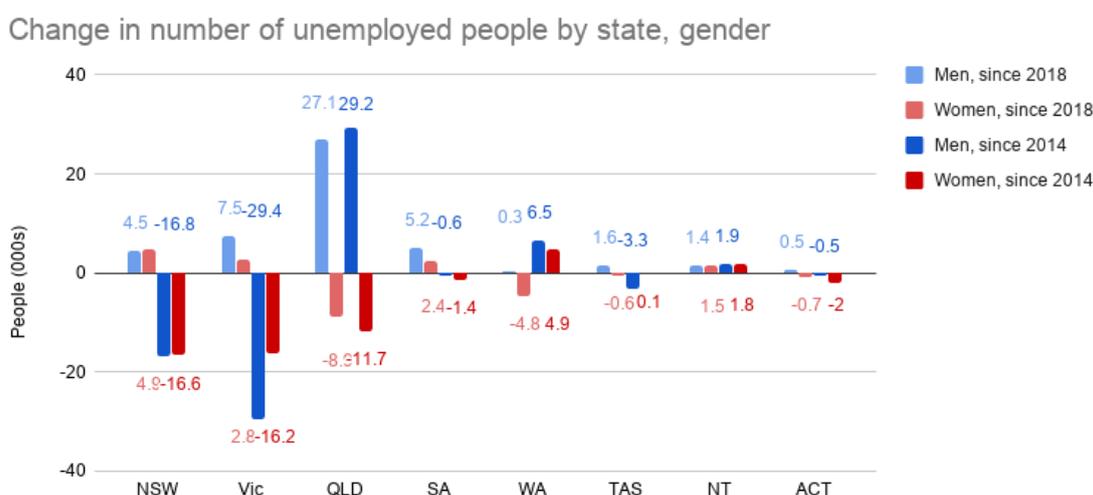


The largest decrease in unemployed people was in Western Australia, which saw the number of unemployed people reduce by 5.55 per cent or 4,500 people.

Nationally, the number of unemployed people has been driven by men, which has increased by 12.46 per cent (or 48,300 people) while female unemployment has reduced 1.16 per cent (or 3,600 people), in the past year.

A similar situation occurs over the past five years, where the number of unemployed women has decreased by 13.39 per cent (40,900 people) where male unemployment has decreased by 1.16 per cent (3,600 people).

Over the past year, the greatest percentage increase in unemployed men has been in the Northern Territory by 38.64 per cent (1,400 people); however, in Queensland, the number of unemployed men has increased by 27,100 people, or 56.11 per cent of all unemployed men nationally. A similar situation occurs over the five year period too.



The same thing occurs for unemployed women, being driven by the Northern Territory (1.5 per cent); but it is New South Wales which has seen the biggest increase in the number of unemployed women, being 4,900 people.

What is most concerning about these figures is the amount of activity in the past year. All states and territories have recorded an increase in male unemployment, notably Queensland. While female unemployment has trended up, this is mostly offset by the gains made over the past five years, the same cannot be said for male unemployment.

### By age

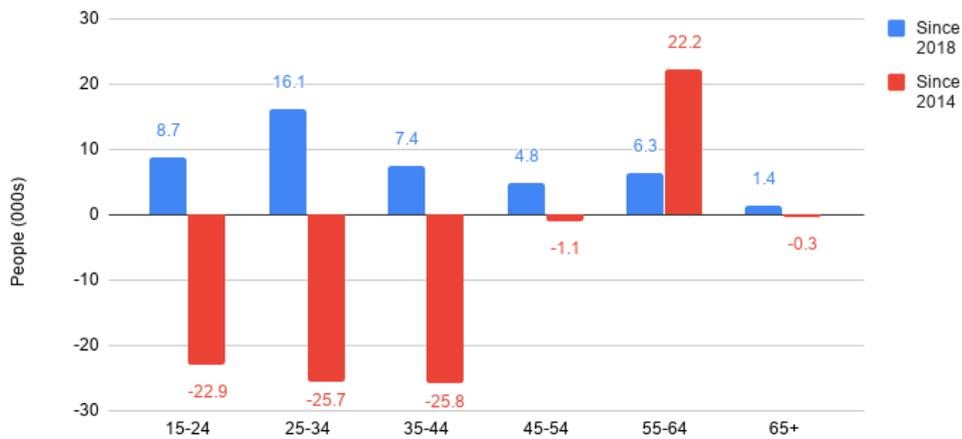
Across age groups there is a divergence. Young people are recording the highest numerical increases, while older people are recording the highest percentage increases in unemployment.

The biggest growth in unemployment has been in the over 65s, by 16.51 per cent. However, the largest numerical increase was for those aged 25-34 at 16,100 people; and while people aged 15-24 recorded a lower than average percentage increase, when compared to all age groups, this was the second-highest gain at 8,700. This results in people aged 15-34 contributing to 55.48 per cent of all increases in unemployed people.

The gender difference by age shows men bearing the brunt of new unemployment.

Men aged 45-54 have had the highest increase in unemployment in the past year by 23.62 per cent (or 13,700 people). However, again, young men have had the highest increase in unemployment, by 17,600 people for 15-24 year olds and 11,400 people for 25-34 year olds, which accounts for 60.04 per cent of all newly unemployed men.

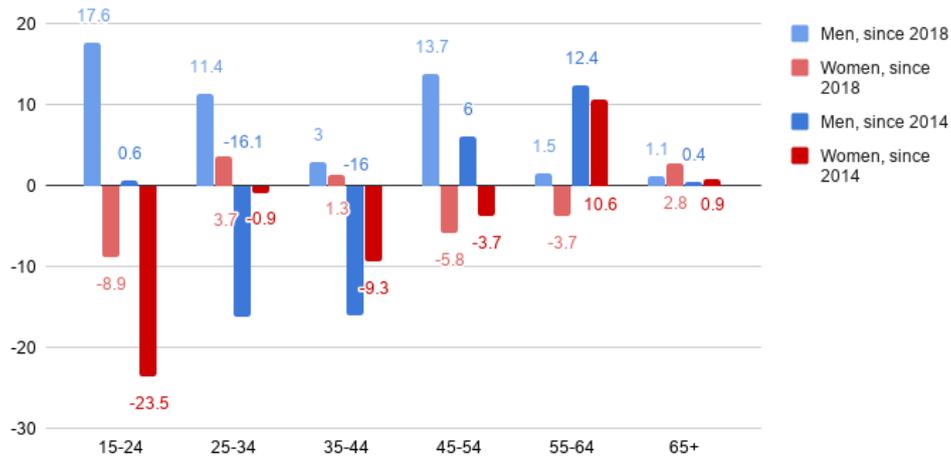
Change in number of unemployed people by age group



Source: Conrad Liveris, 2019; ABS: 6202.

Women’s unemployment was mostly driven by those aged 25-34 (by 4.94 per cent or 3,700 people) and an incredible increase for women aged over 65 (by 65.20 per cent or 2,800 people). However, these were offset by significant decreases in women aged 15-24 (down 9.05 per cent of 8,900 people), 45-54 (12.46 per cent or 5,800 people) and 55-64 (11.07 per cent or 3,700 people).

Change in number of unemployed people by age group, gender



Source: Conrad Liveris, 2019; ABS: 6202.

### What this tells us

The story of unemployment is difficult to encapsulate in a single line.

Growth in who is unemployed has distinctly been driven by men, particularly in Queensland and Western Australia, states which economies rely on the resources and adjacent industries. Alongside this, women’s unemployment has trended downward across the nation, including in the relative boom states of New South Wales and Victoria.

While the over-65s have seen notable percentage increases in unemployed people, they are starting from a lower base; whereas younger people continue to drive unemployment up in a numerical sense.

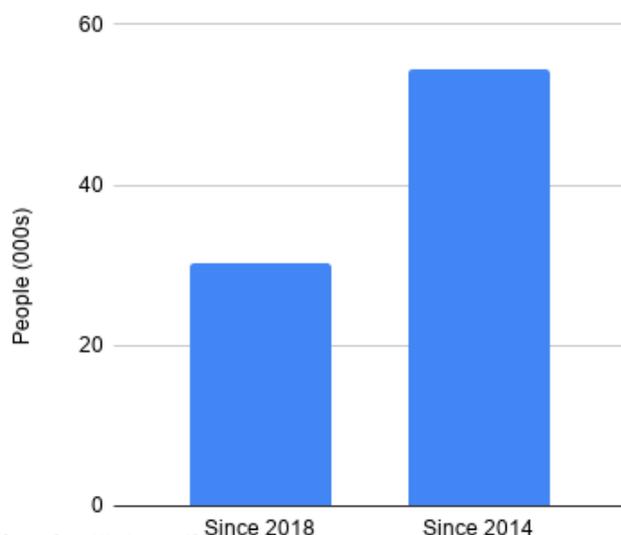
As these statistics show, there are hundreds of thousands of people looking for work and they are spread across the country.

But one group does stand out.

Young men, up to the age of 35, particularly in resources, states are finding it distinctly difficult to start their careers.

## Underemployment

### Change in total underemployed people



Source: Conrad Liveris, 2019; ABS: 6202.

- Over the past five years, more than 50 per cent of growth in underemployment has occurred in the last year;
- Underemployment has grown strongest in Western Australia, particularly among women; and,
- Young men show a notable desire for more hours, with men aged over 55 following them.

Underemployment has been garnering more interest to understanding the confusion around, for one, wage growth. The distinct growth in underemployment, explained here, is some of the highest on record.

The number of underemployed people has grown fast over the last year, compared with the preceding four years. Over the past year, 30,300 more people have indicated that they are underemployed which represents 55.67 per cent of all increase in underemployed people across the entire five years, the rates being 2.79 per cent and 5.00 per cent respectively.

Currently, there are 1,088,000 underemployed people, or 7.98 per cent of the overall labour force.

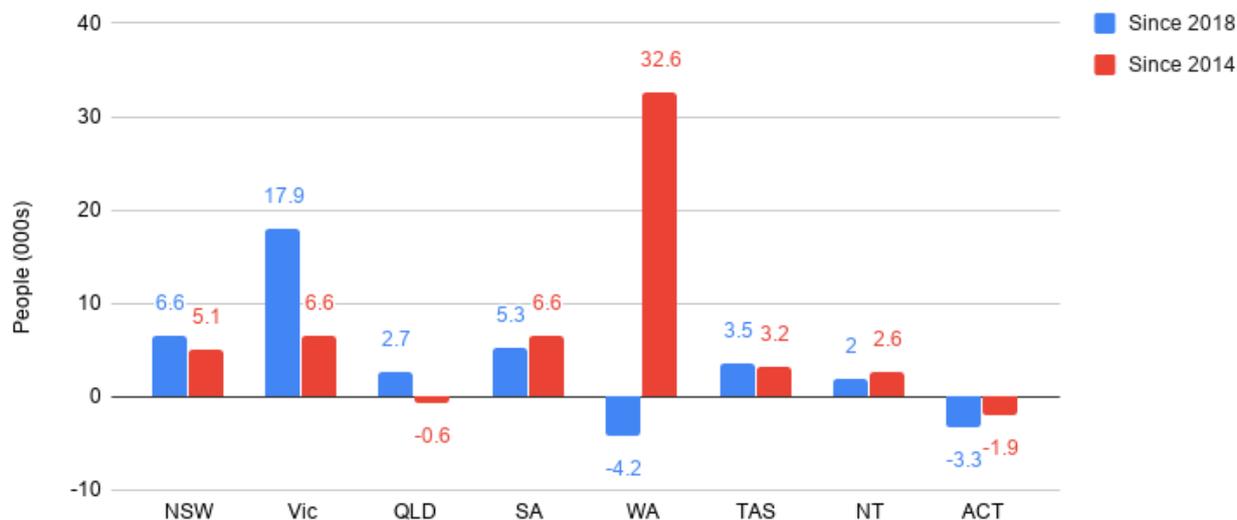
### By state and territory

There is divergence across the states when it comes to underemployment.

Over the past year, the Northern Territory and Tasmania have seen the largest increases in underemployment (25.43 per cent and 11.73 per cent respectively), but Victoria has seen the largest numerical increase of 17,900 people.

Over the five year period, the Northern Territory and Western Australia lead the states in increases of underemployment, with WA also recording the highest numerical increase of 32,600 people which is not offset by the decrease of 4,200 in reduced underemployment over the past year.

### Change in number of underemployed people by state



Source: Conrad Liveris, 2019; ABS: 6202.

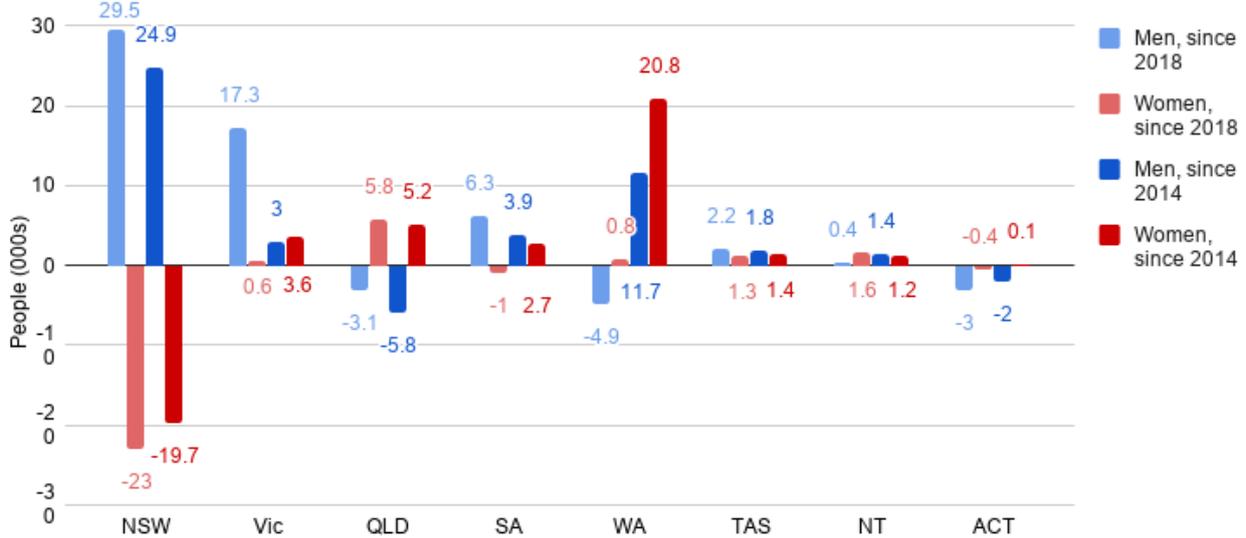
When considering the gender of the underemployed, it becomes more interesting. Male underemployment over the past year has grown by 9.52 per cent. New South Wales and Victoria

have seen some of the highest rates of increase underemployment, by 18.86 per cent 14.17 per cent (or 29,500 and 17,300 people respectively).

Over the past five years, the greatest increases in male underemployment were in the Northern Territory, Western Australia and New South Wales.

However, for women over these periods, underemployment was negative in the last year and a quarter of the male underemployment growth over the past five years.

Change in number of underemployed people by state, gender



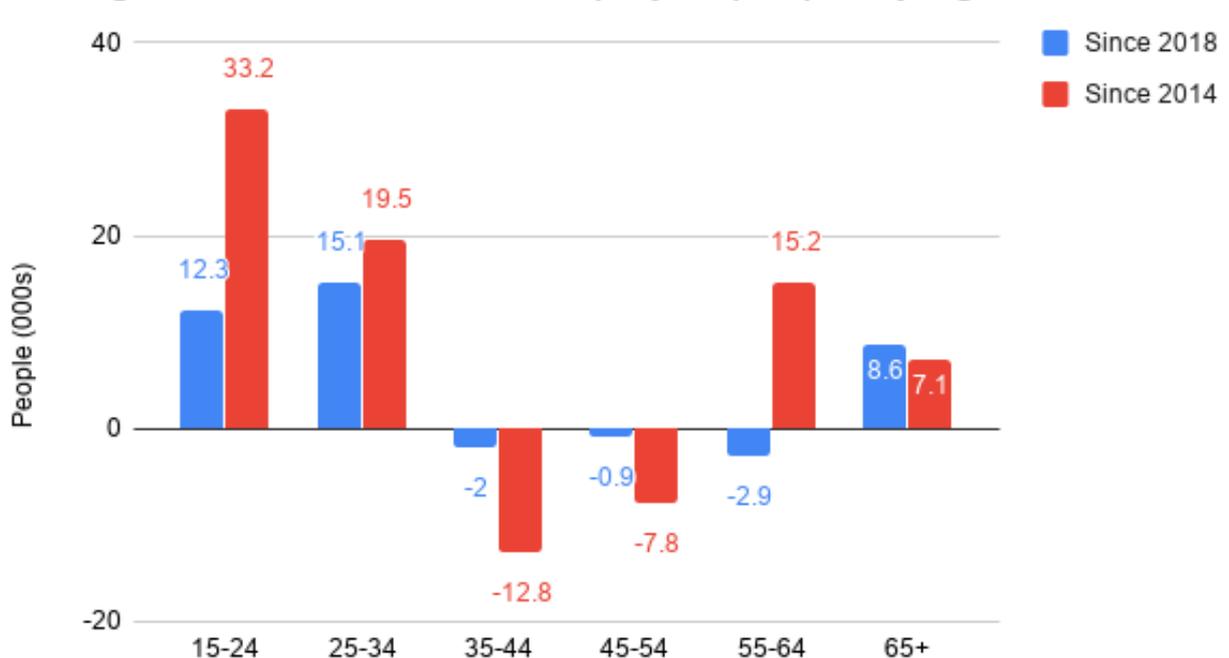
Source: Conrad Liveris, 2019; ABS: 6202.

The reason why overall underemployment doesn't show up notably in New South Wales overall is that female underemployment has dropped by 13.18 per cent (being 23,000 people) which nullifies 77.96 per cent of overall underemployment.

**By age**

While young people record higher numbers of newly underemployed, older workers record higher rates, which suggests a growing competition amongst the generation.

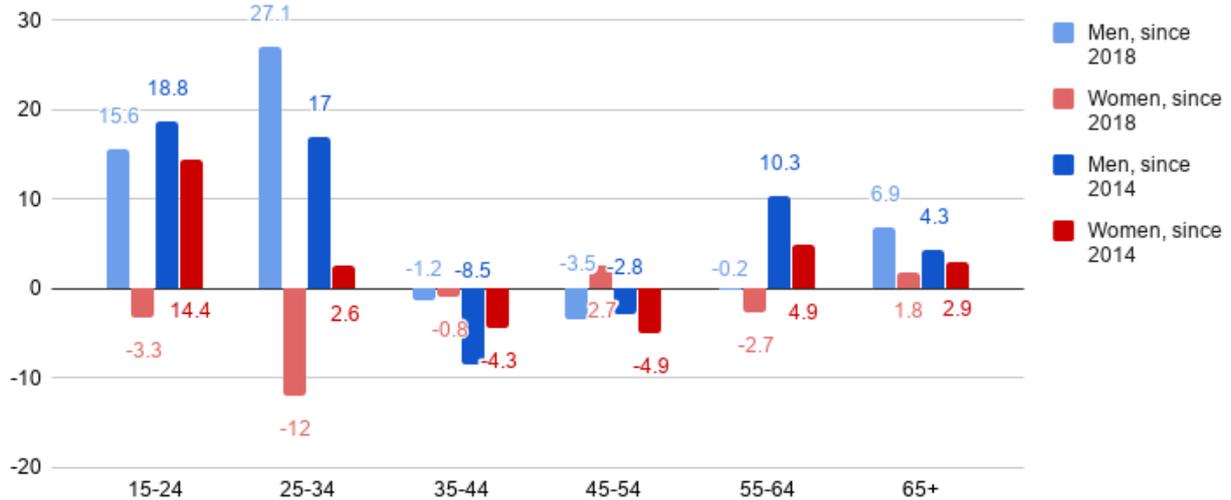
Change in number of underemployed people by age



Source: Conrad Liveris, 2019; ABS: 6202.

People aged 35-64 recorded a decrease in being underemployed - as in they are now employed adequately. People aged over 65 recorded an increase in underemployment by 26.57 per cent. However, this is starting from a low number; to compare it to people aged 15-24 and 25-34 which recorded increases of 3.36 per cent and 7.01 per cent respectively, have seen a numerical increase of 27,400 people now underemployed, compared to 8,600 for the over 65's.

Change in number of underemployed people by age, gender



Source: Conrad Liveris, 2019; ABS: 6202.

The increase in younger people underemployed accounts for 90.43 per cent of the increase in the underemployed, with the other age groups which reduced underemployment offsetting the increase overall.

Across the short and long-terms, underemployment is primarily driven by men, primarily at the start or end of their working lives.

The increase in the number of underemployed men in the past year is 9.52 per cent (44,700 people) compared to women which has decreased by 2.32 per cent (14,300 people).

Over the past year, men aged 35-64 saw a decrease in underemployment, though this did distinctly decrease the closer they got to 65; while men aged 15-24, 25-34 and 65+ all saw an increase, 9.25 per cent, 25.40 per cent and 30.54 per cent respectively (or 15,600, 27,100 and 6,900 people respectively). A similar trend is found over the five years.

To compare, over the past year, underemployment decreased by 14,300 women or 2.32 per cent. Only one age group - 45-54 - recorded an increase of 2.38 per cent (2700 people).

The notable difference between men and women does correlate with the change of industries too. Australia still has a highly gender-segregated labour market, and with men most notably eager for more work and hours, this suggests the industries they are interested in working in do not have the demand for labour they once did.

**What this tells us**

There has been a steady increase in underemployment over the past few years, however, this has taken a notable step up in the last year.

For men, boom states like New South Wales and Victoria are not providing the work they once did; while women in those states are seeing the fruits of, for one, construction provide them work.

Like unemployment, young people are seeing concerning levels of increases to underemployment, but older people are recording bigger percentage increases.

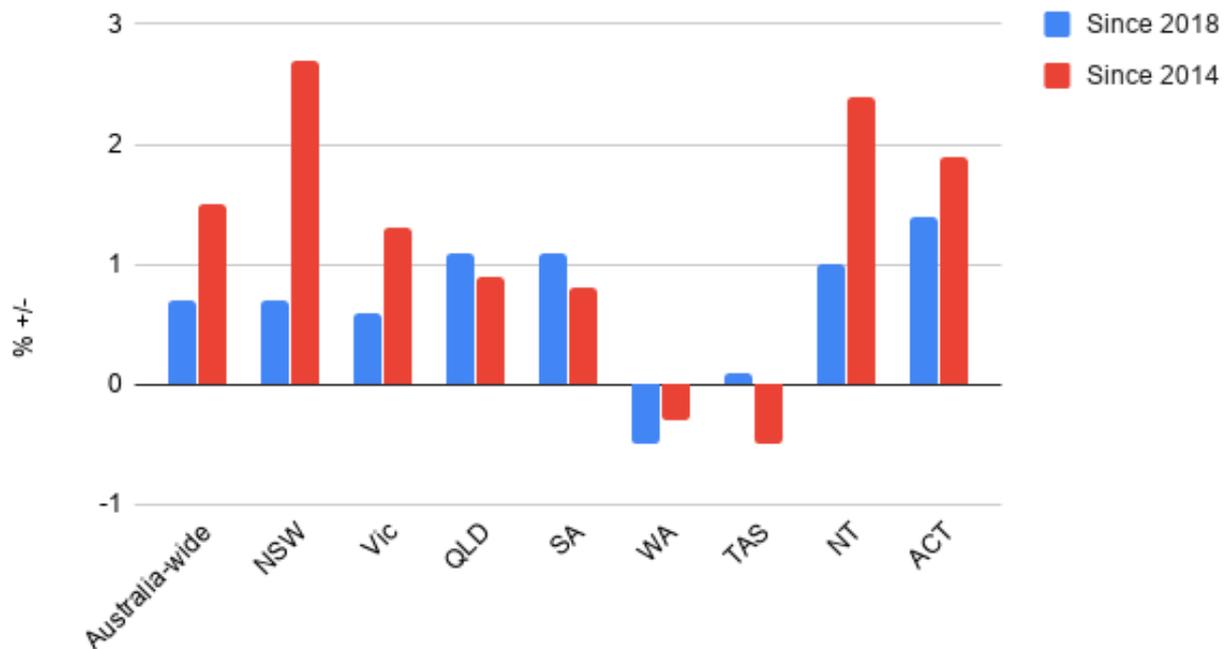
Job creation is occurring, and notably full-time over the past year, but the long-trend of part-time work is realising itself in greater underemployment.

## Role of the participation rate

While the unemployment and underemployment figures tell us a lot, the participation rate sheds light on whether these increases are being driven by people entering the labour market or those already in it.

The participation rate is currently 65.9 per cent, up from 65.3 per cent in the past year and 64.5 per cent over five years, however, this has fluctuated over this time. In general, an increased participation rate is a sign of confidence in the labour market.

Participation rate changes by state



Source: Conrad Liveris, 2019; ABS: 6202.

In the past year, Western Australia is the only state which has recorded a decrease (by 0.5 per cent to 67.7 per cent) in the participation rate and one of only two states (with Tasmania) to record a decline in the past five years (by 0.3 per cent for WA; and 0.5 per cent for Tasmania, to 60.3 per cent).

In the past year, above national average growth has been recorded in Queensland (1.1 per cent to 66.3 per cent), South Australia (by 1.1 per cent to 62.8 per cent), the Northern Territory (by 1.0 per cent to 74.6 per cent) and the Australian Capital Territory (by 1.4 per cent to 71.4 per cent).

Over the past five years, the participation rate has grown strongly in New South Wales (2.7 per cent to 65.7 per cent), the NT (by 2.4 per cent) and ACT (by 1.9 per cent).

However, the women's participation rate has generally grown stronger, by more than double the men's at a national level, by 0.9 per cent to 61.0 per cent compared to 0.4 per cent to 71.0 per cent, in the past year.

The most striking differences, in the past year, are in Victoria and the Northern Territory. In Victoria, the male participation rate decreased by 0.3 per cent to 71.1 per cent and the female participation rate increased by 1.6 per cent to 61.0 per cent. Likewise in the Northern Territory, the male participation rate decreased by 0.2 per cent to 77.2 per cent and the female participation rate increased 2.4 per cent to 72.0 per cent.

However, in New South Wales the opposite occurred where the female participation rate increased by only 0.1 per cent to 60.2 per cent and the male participation rate by 1.2 per cent to 71.2 per cent.

*Confirmed data on participation rate by age was not available at time of publication.*

**What this tells us**

The participation has generally trended strongly up, an encouraging sign.

This, however, does not explain the increases in unemployed and underemployed people. There are, yes, more people in the labour market, but this increase is not enough to drive other people out of work or people straight into unemployment.

What these figures suggest could be occurring is that there is an eagerness to re-enter the workforce, for people needing more work that may not be available.

## **Sources**

All data used in this report was sourced from ABS 6202 and ABS 6291.

Charts reference data source.

Raw data available upon request.

**Disclosure:**

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This is part of a periodic analysis of various workplace and economic issues of contemporary national and industry interest. All efforts are made to present the evidence as impartial, independent, fair and not misleading. These contributions are verifiable and are reviewed by experts prior to release.

The author, Conrad Liveris, is an economist corporate adviser. Considered one of Australia's leading employment and workplace experts, he works closely with decision-makers across sectors on a range of HR, management and economic issues. He is alumni of the US State Department's programs and the UN, and is an Associate Fellow of the Royal Commonwealth Society (London). He completed his Bachelor of Arts at the University of Notre Dame Australia, a Master of Commerce at Curtin University and has received scholarships to study at the Governance Institute of Australia and the University of California, Los Angeles.