

Employment and disadvantage

The story behind Tasmania's unemployment figures

Overview

- Under-employment – people who need more work but can't get it – is by far the worst in the nation, currently around 11%.
- The 'true' rate of unemployment – people either unemployed or needing more work – is also by far the worst at 18%.
- Tasmania consistently has the highest, or close to the highest, rate of youth unemployment in Australia, with 16.2% of people aged 15 to 24 out of work.
- 41% of the 16,300 people classed as unemployed in June have been out of work for longer than six months.
- Tasmania has a two-speed economy and jobs market, with all areas outside of Hobart showing much greater unemployment.

TASMANIA currently has the second-highest overall rate of unemployment in Australia, second only to that of South Australia. But these headline figures do not reveal the underlying story of unemployment in Tasmania. A detailed examination of the data – on young people, the long-term unemployed, those who are under-employed, and the employment situation outside of Hobart, shows a different and more troubling picture.

When these aspects are taken into account, we can see that Tasmania has the worst employment situation of all Australian states and territories. These stubbornly high figures show the extent of a substantial underclass of people who are either without work altogether or who cannot find enough work to make ends meet. Of particular concern are young people who remain out of work for many months or years, and people who may be described as the working poor: those counted as employed but whose hours and earnings are not enough for the sort of modest lifestyle most of us take for granted.

The headline labour force data do not reveal the full nature of unemployment and disadvantage in this state. Labour force under-utilisation figures – a better measure of 'true' unemployment – shows that some recent modest improvement in the headline figures have not improved the social and economic impact of the very soft labour market.

Unemployment and under-employment are the principal drivers of poverty. This in turn is strongly associated with poorer health outcomes, shorter life expectancy, higher rates of crime, lower levels of education, social dislocation and alienation.

There is relatively little that state governments can do about the broad economy and employment rates generally. They have neither the money nor the constitutional power. What they can do, though, is to ensure those elements of the welfare system for which they are responsible are adequately resourced.

Under-employment

Anyone with more than an hour's paid work in a week is classified as being employed. This criterion has often been criticised as giving an unrealistically optimistic view of the social and economic impact of trends in the labour force. It is therefore necessary to look at the statistics for under-employment – people who are officially employed but who need more work and cannot get it.

This shows Tasmania to be more affected by this phenomenon than any other state or territory. To a large extent, these figures give us an insight into the state's population of 'working poor'. As this table shows, it is not a passing episode.

**Under-employment rates (%) by state and territory, seasonally adjusted and trend
May quarter 2014 to May quarter 2015**

	NSW		Vic		Qld		SA		WA		Tas		NT		ACT	
	Seas	Trend	Seas	Trend	Seas	Trend	Seas	Trend	Seas	Trend	Seas	Trend	Seas	Trend	Seas	Trend
May 14	7.6	7.4	7.8	7.8	8.1	7.8	8.1	8.3	6.6	6.4	9.5	9.8	2.8	2.9	6.3	6.3
Aug 14	8.1	7.9	9.0	8.6	8.9	8.6	10.0	9.3	7.1	6.9	11.2	10.7	3.8	3.4	6.6	6.5
Nov 14	8.1	8.1	9.5	9.2	9.0	8.9	8.7	8.8	7.5	7.4	10.5	10.3	4.0	3.8	6.6	6.6
Feb 15	8.2	8.2	9.5	9.6	8.9	9.0	8.4	8.6	7.5	7.5	10.5	10.6	3.5	3.7	6.5	6.5
May 15	8.4	8.3	8.7	9.0	8.7	8.7	9.6	9.2	7.6	7.5	11.2	10.9	4.0	3.9	6.0	6.3

Source 9.5: ABS. Highest rates are highlighted.

Labour force under-utilisation

Under-employment data reflects the effect on people of insufficient work. To measure better the effect on the broader economy of the failure to use more fully those available for work, the ABS calculates the *under-utilisation* rate. This is the number of people who are under-employed added to the number out of work, expressed as a percentage of the labour force.

These figures show the level of unused labour force capacity in a state or territory economy. Once again, the Tasmanian economy suffers significantly more than any other.

**Labour under-utilisation rates (%) by state and territory, seasonally adjusted and trend
May quarter 2014 to May quarter 2015**

	NSW		Vic		Qld		SA		WA		Tas		NT		ACT	
	Seas	Trend	Seas	Trend	Seas	Trend	Seas	Trend	Seas	Trend	Seas	Trend	Seas	Trend	Seas	Trend
May 14	13.3	13.1	14.0	14.1	14.2	14.0	15.0	15.1	11.7	11.8	17.2	17.3	5.6	5.8	10.4	10.0
Aug 14	13.7	13.5	15.7	15.1	15.3	15.00	15.7	15.4	11.9	12.0	18.2	17.9	7.8	6.9	11.5	11.1
Nov 14	14.5	14.3	16.1	15.8	15.9	15.7	15.5	15.6	12.4	12.4	17.6	17.4	8.5	7.7	11.2	11.2
Feb 15	14.5	14.6	16.2	16.4	15.9	16.0	15.2	15.4	12.5	12.5	17.5	17.6	7.8	8.2	10.9	11.1
May 15	14.2	14.4	14.5	15.2	15.0	15.3	17.4	16.6	12.7	12.6	18.3	18.0	8.6	8.4	10.1	10.5

Source: ABS. Highest rates are highlighted.

Youth unemployment

Tasmania consistently has the highest, or close to the highest, rates of youth unemployment in Australia. The slowing of the state's economy has affected all employment but young people are particularly hard hit.

The Tasmanian economy generally showed strong recovery during 2013 and 2014, albeit from a

low base following a recession. But from late in 2014, economic indicators including unemployment showed a marked deterioration which has continued this year.

In March and April, Tasmania became again the state with the highest unemployment. Since then the rate has shown some improvement and has been overtaken by soaring unemployment in South Australia as that state's manufacturing sector continued its decline.

Unemployment among young people remains, though, highest in Tasmania, surpassing even South Australia's unenviable rate. This inevitably feeds into a range of social problems including youth homelessness, social dislocation and alienation, and an increased burden on charities. There is also a high economic cost, not only in the cost of social services and unemployment benefits but in the under-utilisation of a generation of young people.

It is no wonder that so many young Tasmanians are continuing to leave the state.

Because of relatively small sample sizes, state and territory data on youth unemployment show original (raw) figures, rather than seasonally-adjusted or trend estimates. These figures are often volatile and it is therefore wise to look at several months' statistics to eliminate the possibility of over-interpretation. Nevertheless, six months of data show a fairly consistent picture.

Youth (15-19) unemployment totals and rates, by state and territory, January to June 2015

	NSW		Vic		Qld		SA		WA		Tas		NT		ACT	
	'000	%	'000	%	'000	%	'000	%	'000	%	'000	%	'000	%	'000	%
Jan	57.1	24.4	45.4	23.1	37.6	19.1	13.6	23.6	16.7	17.7	4.3	22.3	1.6	17.5	2.2	17.2
Feb	45.6	18.9	39.5	20.5	40.8	20.4	12.7	23.0	13.8	14.7	4.8	25.2	1.5	16.4	2.0	16.3
Mar	47.7	19.3	43.8	22.5	38.5	21.2	12.6	22.0	12.5	14.2	4.3	21.6	1.6	15.6	2.2	16.8
Apr	41.9	17.2	44.9	23.8	40.5	21.5	12.2	21.6	7.2	8.6	5.1	24.2	1.1	11.4	1.4	12.0
May	41.2	17.5	38.4	20.5	33.5	18.8	13.6	22.7	12.9	14.3	3.9	19.2	1.3	13.8	2.5	22.4
Jun	42.3	17.8	37.6	20.9	35.2	19.6	12.2	21.9	9.9	11.4	3.6	19.6	0.9	9.6	1.5	14.1

Source: ABS. Original (raw) data not adjusted for season or trend. Highest rates are highlighted.

From July, the ABS has changed its reporting of these figures to include the 15 to 24 age group rather than 15 to 19. The two cannot therefore be directly compared but appear to show a significantly worse picture for Tasmania, relative to other states. According to the July data, Tasmania has unequivocally the worst levels of unemployment of teenagers and young adults in the country.

Youth (15-24) unemployment totals and rates, by state and territory, July 2015

	NSW		Vic		Qld		SA		WA		Tas		NT		ACT	
	'000	%	'000	%	'000	%	'000	%	'000	%	'000	%	'000	%	'000	%
Jul	82.8	12.4	73.2	14.4	59.5	13.4	23.2	15.6	24.5	10.3	7.0	16.2	1.7	6.7	3.9	11.7

Source: ABS. Original (raw) data not adjusted for season or trend. Highest rate is highlighted.

Long-term unemployment

Long-term unemployment is one of the most socially damaging aspects of a weak labour market. Of about 16,300 people currently out of work in Tasmania, 41% (or 6,700) have been unemployed for more than six months. These people are ready for work and counted as part of the labour force.

**Long-term unemployment in Tasmania: persons unemployed for longer than six months,
showing people and average weeks out of work, July 2015**

Duration	26-52 weeks	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
People ('000)	2.7	2.1	0.7	0.4	0.2	0.6	6.7
Av weeks	32.9	76.3	118.3	157.7	209.0	395.4	-

Source: ABS. Original (raw) data not adjusted for season or trend.

Hobart versus the rest

Tasmania has a two-speed economy: Greater Hobart is doing reasonably well; the rest of the state is far behind. This shows up clearly in employment data. Launceston and the north-east has an unemployment rate of 6.8%, compared with 5.6% in greater Hobart. The west and north-west continue with the worst rate: 7.5% in June.

Unemployment by region in Tasmania, June 2015

	Hobart	Rest of Tas	North-east	South-east	West & NW	Tasmania
Rate (%)	5.6	7.1	6.8	6.7	7.5	6.4
People ('000)	6.3	10.1	4.7	1.1	4.2	16.3

Source: ABS. Original (raw) data not adjusted for season or trend.

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