

**Dynamics of the Australian Youth Labour Market:
The 1975 Cohort, 1996-2000**

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EXECUTIVE SUMMARY

This report examines labour market dynamics between 1996 and 2000 of a cohort of young Australians born in 1975. During this time, most of the cohort were either in post-secondary education and training, or establishing themselves in the labour market. The first chapter reports on their major activity (full-time study, full-time work, part-time work, looking for work and ‘other’ activities) for each year between 1996 and 2000 (when they were 21 to 25 years of age). This chapter also presents the cohort’s participation in education and training and their occupational profiles. The second chapter focuses on the year-to-year movement between activities and occupational group. The subsequent chapters focus on full-time work, unemployment and marginal activities (unemployment, part-time work and other activities excluding domestic responsibilities), respectively. These three chapters begin with a breakdown of the proportions of time the cohort spent in each activity. Subsequently, the relationship between time spent in the activity and a range of social background and educational labour market variables is examined. The third section examines the influences of qualifications and labour market experiences on the proportion spent in these activities.

The main findings from the analyses of the major activities, qualifications and occupations of the cohort between the ages of 21 and 25 are as follows:

- The proportion working full-time increases from 44 per cent at age 21 to 71 per cent at age 25. In each year approximately 10 per cent more young men than young women were working full-time.
- The proportion of the cohort in full-time study declined substantially from 28 per cent at age 21 to 5 per cent at age 25.
- The proportion of the cohort unemployed (that is, not working but looking for work) declined over the years, from 6 per cent at age 21 to 3 per cent at age 25. The proportion of young men looking for work was slightly higher than that for young women.
- The proportion of the sample engaged in part-time work also declined, from 14 per cent at age 21 to 11 per cent at age 25. Women engaged in part-time employment at a substantially higher rate than young men.
- The most common form of post-secondary study was a degree course. Over one third of the cohort held a degree qualification and 4 per cent a postgraduate qualification by age 25.
- By age 25, approximately 7 per cent of the cohort had completed an apprenticeship or traineeship and 13 per cent held a TAFE certificate.
- Less than 40 per cent of the cohort held no post-secondary school qualification by the time they were 25 years of age.
- Approximately 13 per cent of males and 11 per cent of females had not completed Year 12 or gained a post-secondary qualification by age 25.
- Of those in the work force, about 46 per cent held professional (including para-professional) or managerial jobs at age 25. Seventeen per cent were in clerical work and 16 per cent worked in sales and personal service work. A further 9 per cent were in trades (skilled manual) and 9 per cent worked in semi-skilled and unskilled occupations.
- The occupational profile of the cohort at age 21 was very different to that at age 25. There were much higher proportions in semi-skilled and unskilled work and sales and personal service work at age 21 than there were at the later time point—17 and 33 per cent as compared to 9 and 16 per cent, respectively.

- Gender differences in the distribution of occupations were similar to that for the entire adult workforce. Higher proportions of young men worked in managerial, trades, and other manual occupations. Higher proportions of young women worked in clerical, sales and personal service occupations.
- A high proportion of part-time work was in sales and personal service work, although this proportion declined substantially (from 52 to 32 per cent of part-time workers) between 21 and 25 years of age.

The main findings from the examination of year-to-year movement between activities between the 21 and 25 years of age are as follows:

- Focusing on adjacent years, the proportion of young people remaining in full-time work in two adjoining years was around 80 to 85 per cent. For part-time work, unemployment and 'other' activities, the comparable proportions were 30 to 40 per cent, 10 to 20 per cent, and 30 to 50 per cent, respectively.
- Much of the movement from part-time work, unemployment and 'other' activities was into full-time work.
- There is little movement from part-time work to unemployment.

The main findings from the analyses of time spent in full-time employment, unemployment and participation in marginal activities (unemployment, part-time work and other activities excluding domestic responsibilities) from age 21 to age 25 are as follows:

- Prior experience of full-time work had a large positive impact on subsequent labour market outcomes, whereas the experience of unemployment decreased time spent in full-time work and increased time spent looking for work or in marginal activities in the subsequent five years.
- Labour market experience of full-time work or unemployment had a much greater impact than qualifications on subsequent labour market outcomes.
- Of the qualifications examined, a degree had the strongest effect on subsequent time spent in full-time work, but afforded little protection against unemployment or participation in marginal activities.
- An apprenticeship qualification increased subsequent time spent in full-time employment (as it provided experience in full-time work), but had little or no effect on time spent looking for work.
- When controlling for prior experience of full-time work, a TAFE certificate increased subsequent time spent in full-time employment but marginally increased time spent looking for work. A TAFE diploma had a slightly stronger positive influence than a TAFE certificate on time spent in full-time work.
- Completion of Year 12 increased time spent in full-time work after adjusting for prior experience of full-time work. It also reduced the time-spent looking for work, although this effect was small.

The report demonstrates the benefits of gaining full-time employment early in the school-to-work transition. Experience of working-full time has substantially stronger positive effects on the labour market outcomes of 21 to 25 year olds than completion of Year 12 or post-secondary qualifications and training. Unemployment has a scarring effect of the probability of subsequent unemployment. One policy implication of the analyses is that governments should emphasize securing full-time employment and the avoidance of unemployment for those young people who may be at risk of spending much of their time in marginal activities.

The report also shows that there is not a large homogenous group of young people excluded from full-time work. There is considerable movement across activity states although full-time is the most stable. Furthermore, the proportion of young adults who are engaged in marginal activities for long periods is relatively small, less than 10 per cent of the cohort.