Youth Unemployment In Australia: State Employment Policies

Australia has a well-developed employment system, designed to provide flexibility and certainty to both employers and their employees. Persons in employment are those of working age who, during a short reference period, were engaged in any activity to produce goods or provide services for pay or profit (Australian Bureau of Statistics, 2018). Workers can be employed in many different forms in Australia, full-time, part-time, casual and fixed term are the most common, and they can either be an employee or contractor. Despite having a strong employment system, Australia's unemployment rate is at risk due to currently experiencing low economic growth.

As of June 2019, Australia sits at a 5.2% unemployment rate. Australia's current unemployment rate isn't of concern, it is historically low, the potential of low unemployment due to low economic growth is. The Australian economy expanded 1.4 percent year-on-year in the second quarter of 2019, slowing from a downwardly revised 1.7 percent (Trading economics, 2019). As you can see, it was the weakest growth rate since the global financial crisis in 2009. From 1960 to 2019, GDP Annual Growth Rate in Australia averaged 3.44 percent. Australia's low economic growth is a potential threat to its unemployment rate. With that being said, Australia is also currently experiencing its first current account surplus since 1975 due to an export surge (Matthew Cranston, 2019). As a result, the Reserve Bank of Australia has held back from cutting official interest rates below 1 per cent. This will assist in stimulating economic growth and achieving low unemployment. Australia is maintaining a downward trend with low growth rates and no periods of negative growth.

Australia has an ever-growing population. An increase in population increases the labour force which creates more job opportunities. Despite Australia's rapidly increasing population, a rapid decrease in unemployment cannot be seen. Australia's unemployment rate remains at a steady pace.

Over the past ten years, Australia's unemployment levels have resembled a cyclical trend. Australia has experienced two peaks of high unemployment, during 2009 and 2015, reaching up to 5.9% and 6.4%. From 2015, the unemployment rate has progressively decreased to its current rate of 5.2%. Australia's current rate of unemployment is historically low. The decrease in unemployment was largely driven by fewer people looking for work (Stephen Letts, 2019). Those who are not actively looking for employment do not wall within the unemployment rate. But how can Australia further lower these unemployment rates? Rate and tax cuts can only do so much in stimulating the economy and lowering the unemployment rate, they only have a modest effect in lifting economic growth. To lift economic momentum, State and Federal Governments must continue to focus on population policies.

Unemployment has damaging effects on an economy. The costs of unemployment to the individual involves an impact on their standard of living. Despite receiving unemployment benefits and other forms of government assistance, they are consuming far less than the average due to earning less. A decrease in customer consumption results in a reduction of the demand for business output which decreases production levels. Both the state and federal

Government are also affected due to an increase in pay on unemployment benefits and a loss of tax revenue due to a decrease in customer consumption. Overall, unemployment has a negative impact on the economy as it decreases economic growth and productivity.

Within Australia's unemployment rate, a great concern surrounds its youth. As of July 2019, Australia's youth unemployment rate sits at 11.9%. Specifically, within Queensland, its youth population sits at a 12.8% unemployment rate. Young people - generally with less skills and fewer work experience - face serious barriers when entering the labour market.

Besides being disadvantaged by less skills and weaker job experience, they are frequently confronted with fewer job opportunities, lower wages and education/qualification. The young workforce is sternly exposed to the downward swings of the economic cycle in terms of employment opportunities. Therefore, several policy measures were introduced by the Government that delivers programs and services to support young Australians and help them to move from welfare to work.

In 2016-17, the Youth Employment Package was introduced in Australia. The $840 million Youth Employment Package was designed to prepare young job seekers for the workplace and encourage Australian businesses to hire them. Another fundamental program introduced was the Encouraging Entrepreneurship and Self-Employment program. The programs initiative is to support young Australians who wish to start their own business. The most successful programs directly target disadvantaged young job seekers, providing a comprehensive package of support services, such as literacy and remedial education; vocational and job-readiness training; job search assistance and career guidance and counselling; and social support and workplace training. Programs like these can pay dividends in terms of medium and long-term employment outcomes. The cost evaluation of this measure revealed that although it has a certain positive effect on youth employment, it was associated with low efficiency and cost ineffectiveness. It is also not clear that the Government's central proposal to address youth unemployment will gain sufficient support from employers, or provide adequate assistance to job seekers to produce meaningful results.

Within Queensland, the Government provides incentives and assistance for job seekers. An initiative implemented by the Queensland Government, to support year 12 graduates into work, is free training for Year 12 graduates. For high priority qualifications, the Queensland Government covers the full costs of training for eligible year 12 graduates in selected apprenticeships, traineeships and other training courses. Another initiative implemented is free apprenticeships for under 21s. The Queensland Government will cover the full cost of training for apprentices and trainees, under the age of 21, who commence or are undertaking a priority apprenticeship or traineeship qualification from 1 July 2019 to 30 June 2023.There are also opportunities under the Skilling Queenslanders for Work initiative for jobseekers to commence apprenticeships and traineeships. This encourages graduates to seek for jobs and commence training. Whilst this is effective in supporting year 12 graduates taking the path of such training courses, it is only targeted at those who are eligible, those who have the skills required. New initiatives need to be implemented that have a positive effect on graduates who aren't heading towards training courses, those who don't have the required skills to enter the workplace and those who are less inclined to enter the workplace.

Businesses are less inclined to hire a member of youth due to their inexperience. The Government needs to introduce incentives where they reward businesses who employ younger

staff members. To encourage those who aren’t motivated to find a job, the Government needs to introduce a youth grant where the youth receives a bonus when they are hired within the workplace. Both initiatives will encourage businesses to employ younger staff and motivates those who are less inclined to search for a job. This will allow businesses to afford to employ more young people as it reduces the cost to hire for employers and it will result in an increased skill level for the youth, making them more employable in the future. Overall, these initiatives will assist in decreasing youth unemployment within Queensland which will increase economic output.