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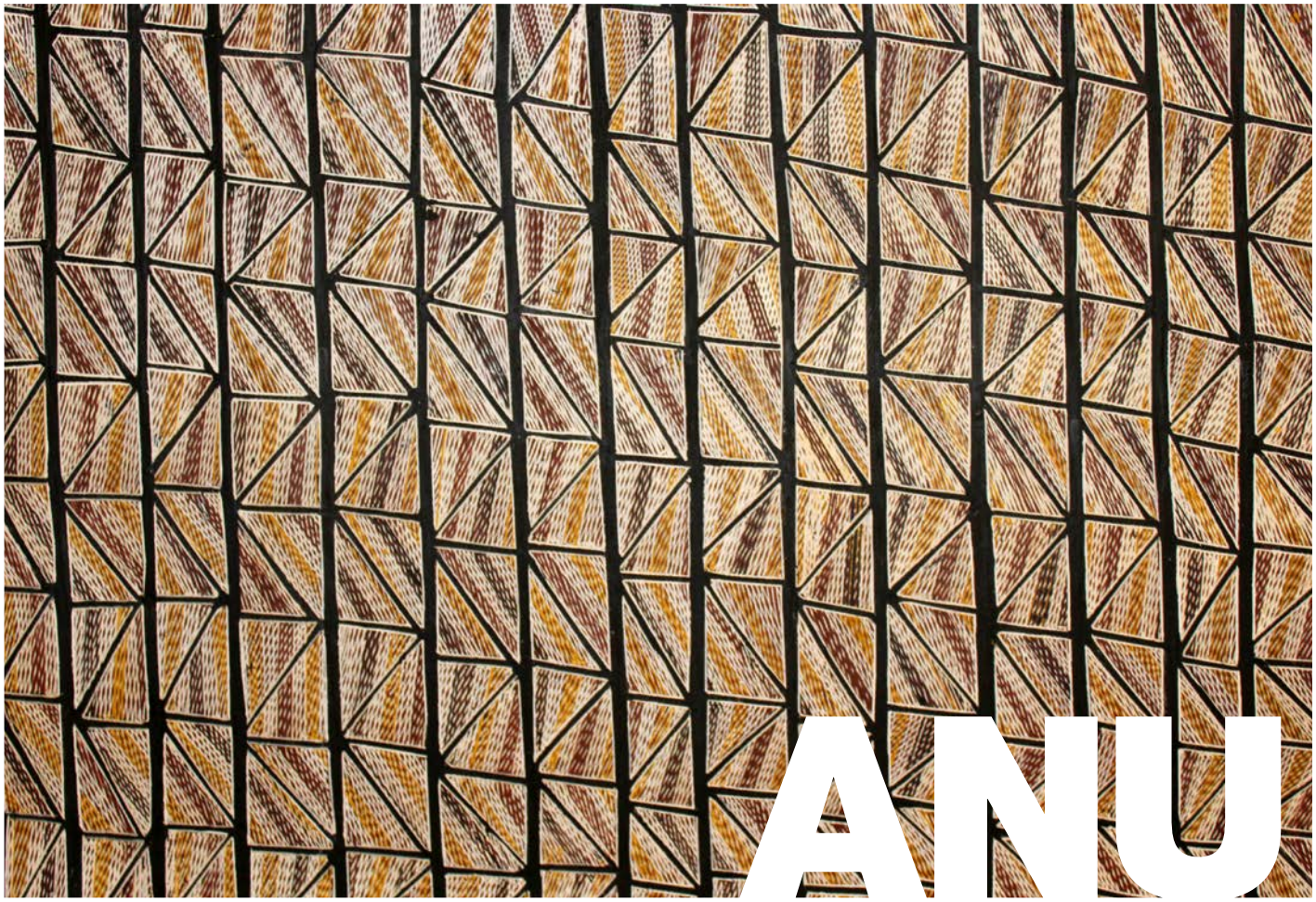


# INDIGENOUS YOUTH EMPLOYMENT AND THE SCHOOL-TO-WORK TRANSITION

D VENN

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## Abstract

Data from the 2016 Census show that Indigenous youth (aged 15–29 years) are less likely to be employed or studying than their non-Indigenous counterparts. The employment gap between Indigenous and non-Indigenous youth increases in the years immediately following the end of compulsory schooling, and continues to widen into the 20s. Indigenous youth are also more likely to work in part-time, casual and unskilled jobs than non-Indigenous youth. The situation for young Indigenous women is markedly worse than for men, even though educational participation and attainment are similar. These early labour market experiences are likely to have both immediate and ongoing effects, reducing income and wealth accumulation, and impeding future labour market success. However, there are signs of improvement in the labour market situation for Indigenous youth, particularly in nonremote areas. Between 2011 and 2016, increases in educational participation and employment saw fewer Indigenous youth disengaged from work and study. Growing educational attainment is likely to further improve employment rates because Indigenous youth who have completed Year 12 have far better outcomes in the labour market than early school leavers.

**Keywords:** labour market, youth employment, school-to-work transition

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## Acronyms

| | |
|---|---|
| ANU | The Australian National University |
| CAEPR | Centre for Aboriginal Economic Policy Research |
| CDEP | Community Development Employment Projects |
| GSSNI | General Social Survey Non-Indigenous sample |
| HILDA | Household, Income and Labour Dynamics in Australia |
| NATSISS | National Aboriginal and Torres Strait Islander Social Survey |
| NEET | not in employment, education or training |

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## Introduction

Almost 36% of Aboriginal and Torres Strait Islander people are aged under 15 years, and 63% are aged under 30 years (ABS 2016). Ensuring that these large cohorts of young people make successful transitions from school to work will play a vital role in improving the wellbeing of the Indigenous population in the short and long terms.

A person's first interaction with the labour market after leaving school can shape their lives for years or even decades to come. In a phenomenon known as scarring (Gregg & Tominey 2005, Bell & Blanchflower 2011, Nordström Skans 2011), time spent out of work or in poor-quality jobs contributes to low income, and impedes the development of skills and work experience that can improve future labour market outcomes.

Across the lifecourse, Indigenous people tend to have poorer labour market outcomes than non-Indigenous people (Biddle & Yap 2010). The employment gap between Indigenous and non-Indigenous young people is also large (Thapa et al. 2012, Gray et al. 2014, AIHW 2015). Young Indigenous people have higher unemployment rates (Rothman et al. 2005), and are far more likely to be disengaged simultaneously from education and work (Dusseldorp Skills Forum 2009, Nguyen 2010, OECD 2016). Indigenous status is also associated with an increased risk of long-term disengagement with the labour market (OECD 2016). Indigenous youth are more likely than non-Indigenous youth to remain out of work over time, and those that do find work are more likely to move into unemployment or out of the labour market (Hunter & Gray 2016).

It is likely that poor labour market outcomes during youth contribute to the large gap that exists between employment rates for Indigenous and non-Indigenous people at older ages.[1] Understanding the labour market situation of the young Indigenous population, as well as identifying potential barriers to engaging fully in the labour market, is therefore vital to closing the gap in employment outcomes between Indigenous and non-Indigenous Australians.

This paper provides an updated overview of the labour market situation of Indigenous youth. Ideally, it should be read in conjunction with Census Paper 5 (Venn & Biddle 2018), which looks at the employment patterns of the total Indigenous population, making comparisons across space and time, and with the non-Indigenous population. As well as examining the employment gap and unemployment rate, this paper looks at a commonly used measure of labour market inactivity for youth: the proportion not in employment, education or training (NEET). The characteristics of post-school jobs are also examined, including hours of work, job security and skill level. Increasing numbers of young Indigenous people are completing Year 12, so the paper examines how labour market outcomes differ by educational attainment. The paper concludes with discussion of some of the consequences of poor labour market outcomes during youth.

## Data and definitions

This paper uses data for Aboriginal and Torres Strait Islander people from the 2016 Census to examine the labour market situation of Indigenous and non-Indigenous youth aged 15–29 years. Census data provide a very large sample of Indigenous youth, allowing a detailed examination of labour market outcomes by age, gender and remoteness, as well as direct comparisons with the situation of non-Indigenous youth.

Census data were supplemented with data from the 2014–15 National Aboriginal and Torres Strait Islander Social Survey (NATSISS), to provide more detailed information on job security and work experience – data items that are not available in the census. Non-Indigenous comparisons with the NATSISS were taken from the 2014 General Social Survey Non-Indigenous sample (GSSNI), and the 2014 and 2015 waves of the Household, Income and Labour Dynamics in Australia (HILDA) Survey.

Several indicators of labour market outcomes for youth were examined. The employment rate measures the proportion of the population who were employed for at least one hour in the week before the census. The unemployment rate is the ratio of unemployment (the number of people who were not employed in the week before the census but were actively looking for work in the four weeks before the census and ready to start work had they found a job) to the labour force (the sum of employed and unemployed persons). While the unemployment rate tells us something about the number of youth who cannot find work, by definition, it excludes those who are not in the labour market and tells us nothing about the activities of those who are not employed. An alternative measure – the proportion of the population who are NEET – is a broader measure of youth inactivity in the labour market.

Several characteristics of the jobs held by young people were also examined: the proportion in full-time employment (working 35 or more hours per week), the proportion in casual employment (working in a job without paid leave entitlements) and the proportion in skilled occupations (occupations with a skill level of 1, 2 or 3 in the Australian and New Zealand Standard Classification of Occupations). Each of these measures refers to the situation in the main job held.[2]

While in the 2016 Census employment is defined based on working at least one hour in paid employment in the week before the census, earlier censuses also included participation in the Community Development Employment Projects (CDEP) scheme as employment. The CDEP scheme was gradually wound back from 2007 (beginning in nonremote areas) and was abolished completely in 2013. Former CDEP participants who were not able to find ongoing non-CDEP work were shifted to unemployment benefits and did not qualify as employed in 2016. The change to the definition of employment will mean that comparisons with previous census data should be interpreted with caution, particularly in remote areas where CDEP participation was still relatively high in 2011.

Existing research suggests that important differences exist in labour market outcomes between young Indigenous men and women, those in remote and nonremote areas, and those in different age groups within the youth cohort (Dusseldorp Skills Forum 2009, Hunter & Gray 2016, OECD 2016). The paper therefore examines labour market outcomes by gender, remoteness[3] and age simultaneously to highlight heterogeneity in the labour market situation of Indigenous youth.

## Education and employment status

Indigenous youth are much less likely than non-Indigenous youth to be in education across all age groups except the late 20s (Fig. 1a). Education participation is lowest for those in remote areas, where there is little difference by gender. In nonremote areas, women tend to have higher education participation rates than men in their late teens and early 20s, although the difference is small.

By contrast, there are clear gaps in the employment rate by gender, as well as by Indigenous status and remoteness (Fig. 1b). Gender gaps in employment appear for Indigenous people in remote areas as early as 19, when men become more likely to be employed than women. In nonremote areas, Indigenous women in their teens have a slightly higher employment rate than men, but this situation reverses around age 20, and occurs a few years later for non-Indigenous youth. By age 20, around half of Indigenous people in nonremote areas and a quarter of those in remote areas are employed.

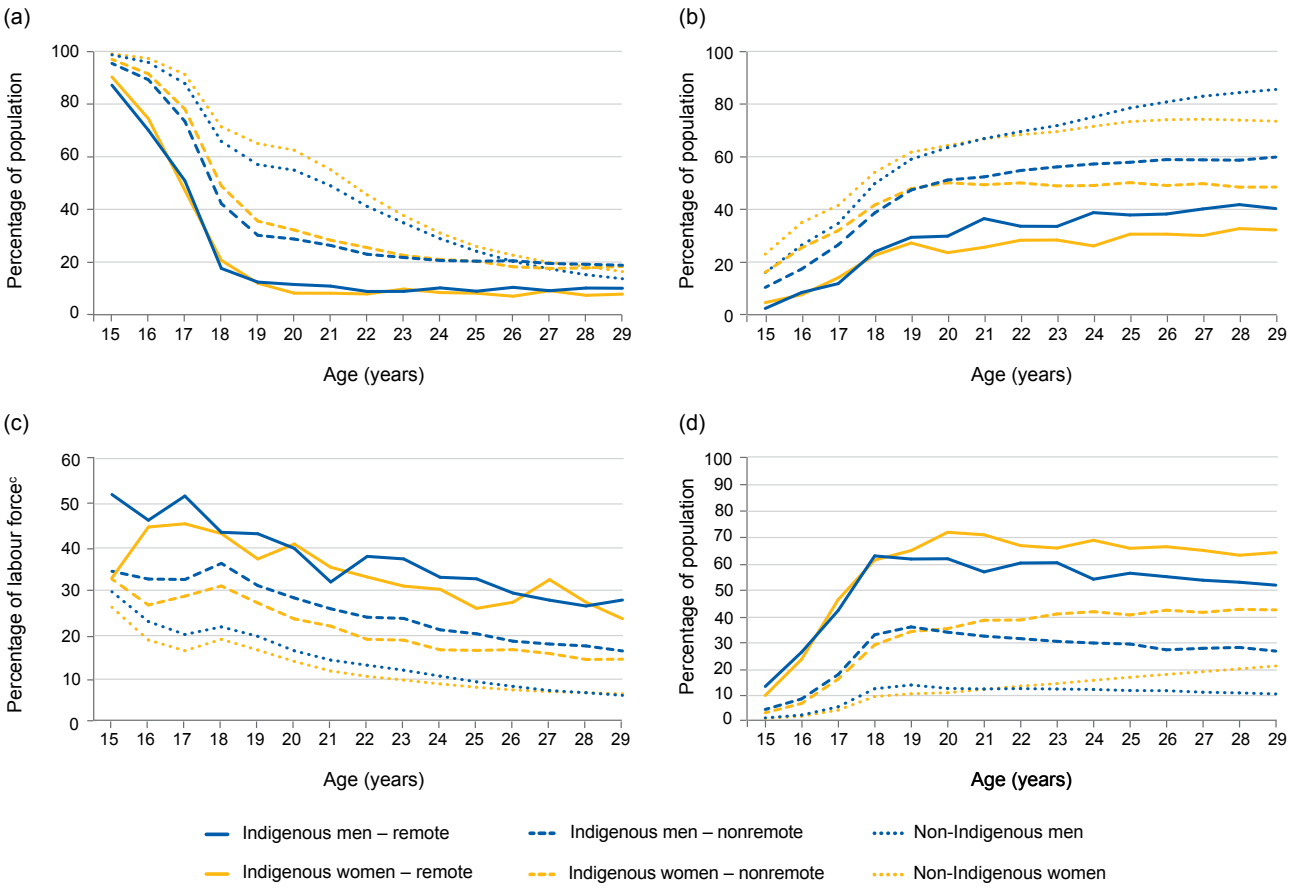
The unemployment rate is consistently higher for Indigenous than non-Indigenous youth, and highest in remote areas (Fig. 1c). Teenagers face the highest unemployment rate, at more than 40% for Indigenous youth in remote areas, 30% for Indigenous youth in nonremote areas and around 20% for non-Indigenous youth. The unemployment rate for young men tends to be higher than for women for each of these groups. The unemployment rate falls with age for all groups; however, the ratio of Indigenous to non-Indigenous unemployment remains similar across the age spectrum.

An alternative measure – the proportion of the population who are NEET – shows a very different pattern of labour market disengagement by age, with NEET rates increasing sharply for teenagers, and then falling only slightly for men and increasing slightly for women during their 20s (Fig. 1d). By their early 20s, more than 60% of Indigenous women in remote areas and 45% in nonremote areas are NEET, compared with around 10% of non-Indigenous women. NEET rates are typically lower for men, but Indigenous men are still 3 to 5 times more likely to be NEET than non-Indigenous men.

As for employment rates, gender gaps in NEET rates open up around the time that women begin having children, which tends to be at younger ages for Indigenous than non-Indigenous women (Johnstone & Evans 2012). For example, 10% of 15–19-year-old Indigenous women in remote areas have had at least one child, compared with 5% of Indigenous women in nonremote areas and 1% of non-Indigenous women. Likewise, 49% of 20–25-year-old Indigenous women in remote areas have had at least one child, compared with 27% of Indigenous women in remote areas and 10% of non-Indigenous women.

Youth labour market outcomes vary considerably by regional location (Fig. 2). Very few Indigenous teenagers are employed, but employment rates are higher on the coast between Rockhampton (Queensland) and the far south coast of New South Wales, as well as in Melbourne and Tasmania. (Fig. 2a). Employment rates increase in those areas for Indigenous 20–24-year-olds, but are also above 40% across much of New South Wales, Victoria, Queensland, southern South Australia, Darwin, Perth and the South Hedland region of Western Australia (Fig. 2b).

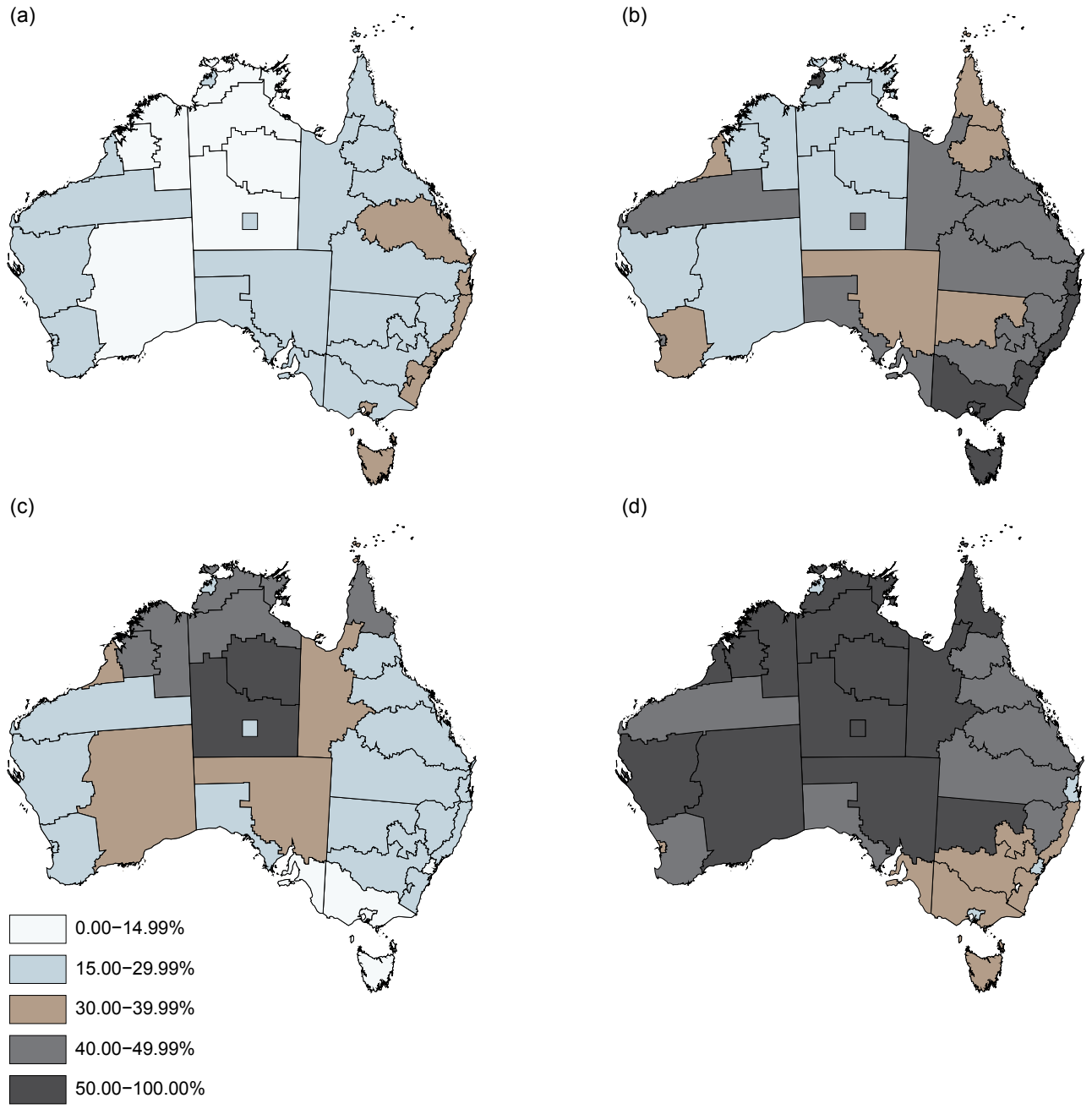
**FIG. 1.** Education and labour force status, by gender, age, remoteness and Indigenous status: (a) in education;[a] (b) in employment;[b] (c) unemployment rate;[c] (d) not in employment, education or training




a Includes full-time and part-time study.
b Includes those who are studying and working concurrently.
c Labour force includes employed plus unemployed persons.
**Source:** Data from the 2016 Census

Among 15–19-year-olds, NEET rates are more than 50% in Central Australia (excluding Alice Springs) and lowest in Sydney, the Australian Capital Territory, Victoria, Tasmania and southeast South Australia (Fig. 2c). However, by the age of 20–24 years, more than half of all youth are NEET across a wide area of the Northern Territory, Western Australia, Queensland, South Australia and western New South Wales, with particularly high NEET rates in Kununurra and northern parts of the Northern Territory (Fig. 2d). The lowest NEET rates are found in capital cities, where educational opportunities are better and where labour markets tend to be more developed (albeit with greater competition and often higher rates of discrimination). NEET rates and employment rates are typically inversely related, but some areas – notably Queensland and South Hedland in Western Australia – have relatively high NEET rates coexisting with relatively high employment rates, highlighting the heterogeneity of youth labour market outcomes within each region. The employment and NEET situation for those aged 25–29 years is similar to that of those aged 20–24 years (not shown in Fig. 2).

**FIG. 2.** Labour market status of Indigenous youth, by region: (a) employment rate,[a] 15–19-year-olds; (b) employment rate,[a] 20–24-year-olds; (c) NEET rate,[b] 15–19-year-olds; (d) NEET rate,[b] 20–24-year-olds




**NEET** = not in employment, education or training
**a** Proportion of the population in employment.
**b** Proportion of the population not in employment, education or training.
**Note:** Employment and NEET rates for 25–29-year-olds are not shown, but have similar regional patterns to those of 20–24-year-olds.
**Source:** Data from the 2016 Census

## Changes in education and employment status, 2011–16

Labour market conditions for young Australians deteriorated between 2011 and 2016, with higher unemployment rates, lower employment rates and university graduates taking longer to find work (Junankar 2015, Brotherhood of St Laurence 2017, Social Research Centre 2017). As mentioned previously, this has been compounded for the Indigenous population with the demise of the CDEP scheme, particularly in remote areas.

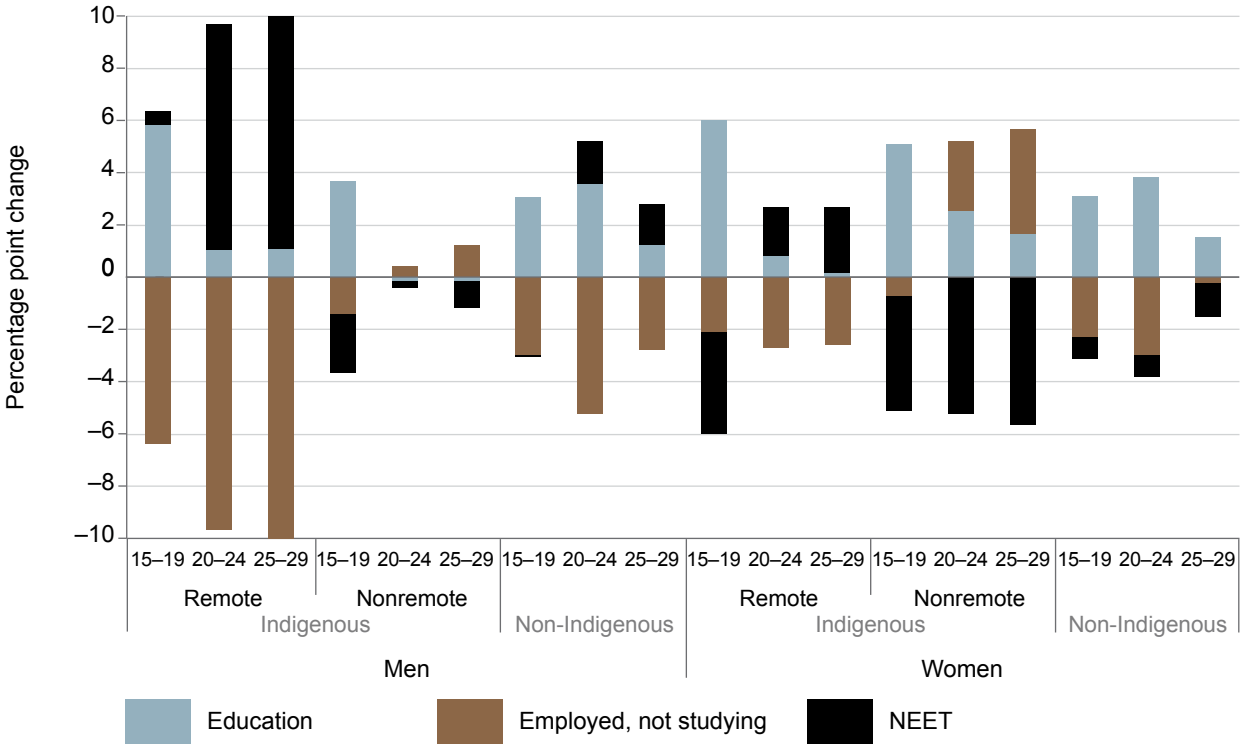
The slowing labour market saw a general trend among non-Indigenous youth of declining employment and increased education participation as young people remained in education longer rather than enter a weak labour market (Fig. 3).

However, the trends for Indigenous youth were somewhat different. The proportion of Indigenous 15–19-year-olds in education increased for all groups, with the biggest increases – of around 6 percentage points – in remote areas. There were also increases in older youth participation in education in remote areas, and for women in nonremote areas. The increase in education participation was typically larger for Indigenous youth than for non-Indigenous youth.

By contrast, the employment situation deteriorated for Indigenous youth in remote areas, with falls in employment particularly large for men in their 20s. This is likely to be largely due to the winding back of the CDEP scheme, so that former CDEP participants or those who would have entered the CDEP scheme after leaving school who did not find non-CDEP jobs were classified in the 2016 Census as unemployed or not in the labour force. This led to an increase in NEET rates in remote areas, although these were somewhat offset by increases in education participation.

In nonremote areas, employment fell only for the youngest Indigenous cohort (15–19-year-olds), and this appears to be due to greater numbers staying on at school or participating in post-school education. For those in their 20s, employment rose: by around 1 percentage point for men and 3 points for women. Combined, greater education participation and better employment outcomes saw NEET rates fall (often quite dramatically) across all nonremote Indigenous cohorts, with results particularly strong for women.

**FIG. 3.** Change in education, employment and NEET rates between 2011 and 2016




**NEET** = not in employment, education or training
**Source:** Data from the 2016 Census

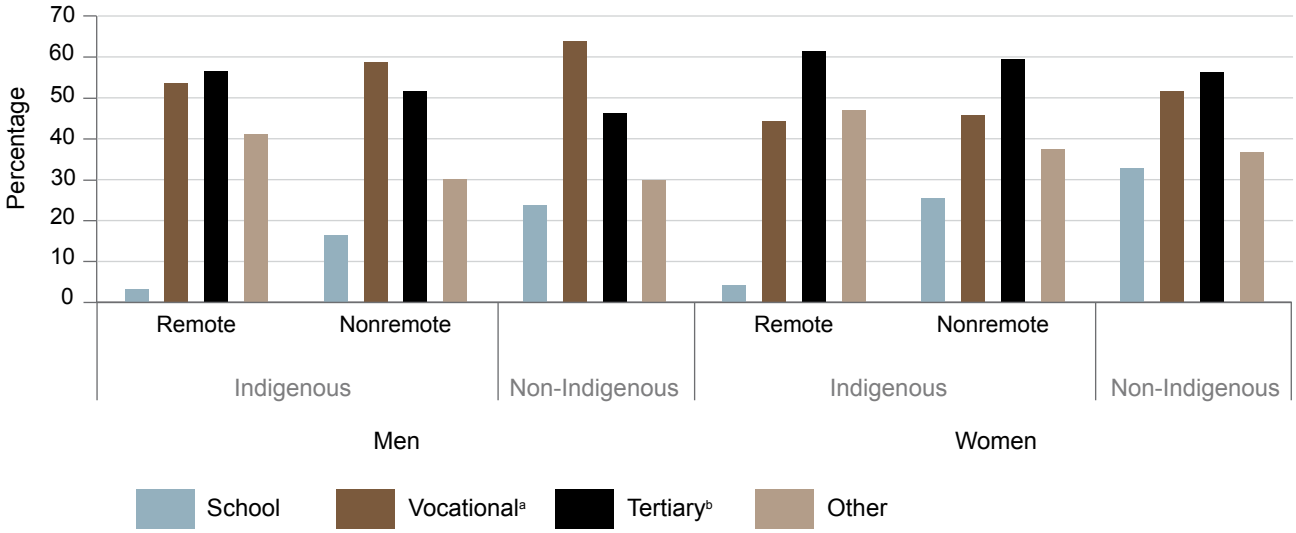
## Employment among students

Working part-time has always been an important way for students to supplement their income and gain valuable labour market experience. On balance, the evidence has tended to show that, while working long hours is associated with poorer education outcomes, working low to moderate hours is associated with improved education and labour market outcomes (Robinson 1999, Vickers et al. 2003). Around one-third of students aged 15–29 years are employed. In nonremote areas, similar proportions of Indigenous and non-Indigenous students work: around 30% of men and 38% of women. However, employment rates are much lower for Indigenous students in remote areas, where only around 1 in 10 students work.

Student employment rates vary considerably by geography and the type of educational institution that students attend (Fig. 4). Very few Indigenous school students in remote areas work, while those in nonremote areas are less likely to work than non-Indigenous students. A similar pattern is evident for students at vocational colleges, albeit with much higher employment rates. However, among tertiary students, Indigenous employment rates are considerably higher than for non-Indigenous students. This may reflect the older average age of Indigenous university students and their greater propensity to study part-time (Crawford & Biddle 2015).

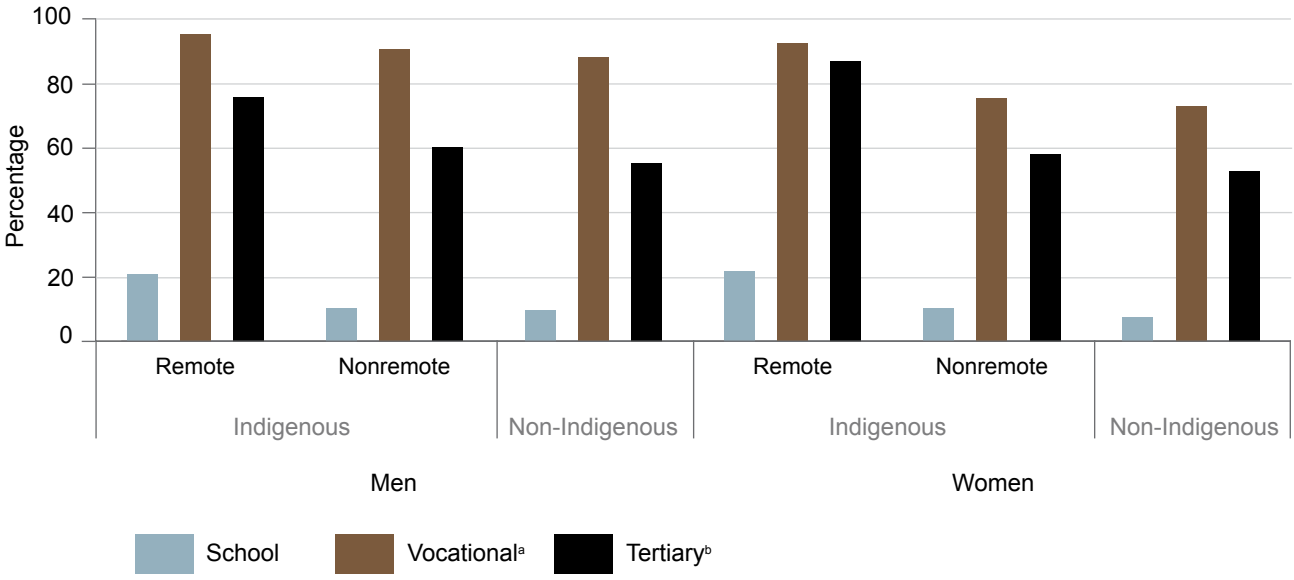
Of those students who work, Indigenous students in remote areas are the most likely to work more than 15 hours per week (Fig. 5). This is an important finding because previous literature has shown that working long hours while studying is more likely to be associated with problems completing qualifications and going on to further study (Robinson 1999, Vickers et al. 2003). While relatively few school students work long hours, employed Indigenous students in remote areas are around twice as likely to do so as those in nonremote areas. Working more than 15 hours per week is most common for vocational students, with more than 90% of Indigenous vocational students who work working more than 15 hours per week.[4] Employed Indigenous university students are also more likely to work more than 15 hours per week than non-Indigenous students.

**FIG. 4.** Employment rate of students aged 15–29 years, by type of institution attended




a Includes technical or further education institutions
b Includes universities and other tertiary institutions
**Source:** Data from the 2016 Census

**FIG. 5.** Proportion of employed students aged 15–29 years who work more than 15 hours per week, by type of institution attended




a Includes technical or further education institutions
b Includes universities and other tertiary institutions
**Source:** Data from the 2016 Census

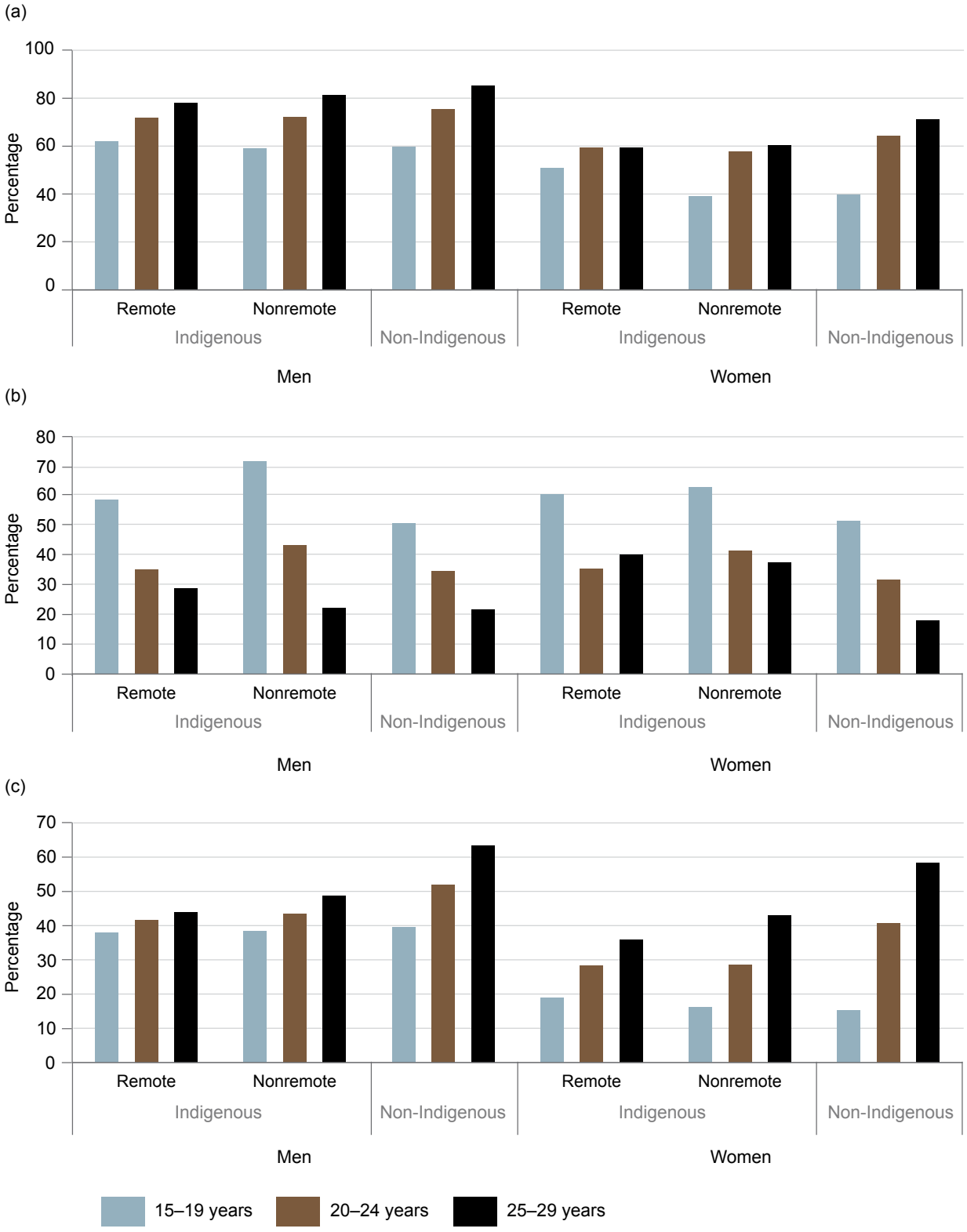
## Characteristics of post-school jobs

Indigenous teenagers who are working have jobs with similar characteristics to those of non-Indigenous teenagers. Similar proportions of Indigenous and non-Indigenous teenagers are employed full-time, with around 60% of men and 40% of women in nonremote areas in full-time work (Fig. 6a). Indigenous women aged 15–19 in remote areas are more likely to work full-time than their non-Indigenous counterparts. Indigenous teenage workers are also equally likely or more likely to work in skilled occupations than non-Indigenous workers. Casual employment rates (proxied in Fig. 6b by jobs without paid leave entitlements) are uniformly high for teenagers, but highest for Indigenous people in nonremote areas, where 71% of employed men and 63% of employed women are in casual jobs. Casual employment is slightly less common for Indigenous teenagers in remote areas, but remains higher than for non-Indigenous teenagers.

Indigenous workers in their 20s tend to have longer hours, and more stable and skilled jobs than Indigenous teenagers. However, they also tend to be employed in jobs that are less skilled and secure than those of non-Indigenous workers, with the gap in job attributes typically larger in remote areas. By their late 20s, Indigenous people are around 5–10 percentage points less likely to be working full-time than non-Indigenous people. There is little difference in casual employment rates between Indigenous men aged 25–29 in nonremote areas and non-Indigenous men of the same cohort. However, casual employment rates are higher for Indigenous men in remote areas and for Indigenous women, who are more than twice as likely to work in a casual job as non-Indigenous women. Indigenous people in their 20s are also less likely to work in skilled jobs than their non-Indigenous counterparts. By their late 20s, Indigenous youth working in remote areas are around 20 percentage points less likely, and Indigenous youth in nonremote areas around 15 percentage points less likely, to work in skilled occupations than non-Indigenous youth.

These results suggest that Indigenous youth may progress more slowly than non-Indigenous youth into full-time, permanent, skilled employment as they age. However, care should be taken when interpreting the results because they are based on cross-sectional rather than longitudinal data. Educational attainment among Indigenous youth has increased rapidly (as will be shown in more detail in future Census Papers), so younger cohorts are likely to have higher educational attainment than older cohorts, much more so for Indigenous than for non-Indigenous youth. This would be reflected in a bigger Indigenous to non-Indigenous gap in job quality for older cohorts than for younger cohorts, which is what we can see in our results. It is likely that, as they age, these more highly educated youth progress more quickly to full-time, noncasual and skilled jobs than their older counterparts did. However, longitudinal analysis is needed to establish the relative importance of transitional and cohort effects.

**FIG. 6.** Post-school job characteristics of employed youth: (a) proportion working full-time (35 hours per week or more); (b) proportion without paid leave entitlements;[a] (c) proportion working in skilled occupations[b]




a Data on paid leave entitlements are taken from the 2014–15 NATSISS and the 2014 GSSNI.
b Skilled occupations include those at skill level 1, 2 or 3 of the Australian and New Zealand Standard Classification of Occupations classification.
**Note:** Excludes those currently studying
**Source:** Data from the 2016 Census

The industry profile of Indigenous youth employment also changes with age (Table 1). Teenage workers are highly concentrated in the retail and hospitality industries, with construction (for men), and health care and social assistance (for women) also important employers. Older cohorts of Indigenous youth are less likely than teenagers to work in retail and hospitality jobs. Mining, and public administration and safety are important employers of men in their 20s, with construction still accounting for more than 20% of employment. For women, health care and social assistance, education, and public administration are the most important employers of women in their late 20s.

Unfortunately, no data are available on the wages or earnings of Indigenous youth.[5] However, we expect that Indigenous youth earn lower wages than their non-Indigenous counterparts because they have lower educational attainment, have less work experience and are employed in lower-skilled occupations, particularly those in their mid- and late 20s. This, combined with the higher likelihood of working part-time and lower overall employment rates, suggests that Indigenous youth are also likely to have lower total earnings from paid work than non-Indigenous youth.

**TABLE 1.** Proportion of employed Indigenous youth, by industry

| | Men (%) | | | | Women (%) | | | |
|---|---|---|---|---|---|---|---|---|
| **Industry** | **15–19** | **20–24** | **25–29** | **15–29** | **15–19** | **20–24** | **25–29** | **15–29** |
| Agriculture, forestry and fishing | 5.3 | 5.0 | 4.2 | 4.7 | 1.5 | 1.5 | 1.0 | 1.3 |
| Mining | 1.6 | 3.7 | 7.9 | 5.2 | 0.5 | 1.8 | 2.3 | 1.8 |
| Manufacturing | 8.6 | 9.1 | 8.3 | 8.7 | 3.0 | 2.4 | 2.2 | 2.4 |
| Electricity, gas, water and waste services | 0.7 | 1.4 | 1.8 | 1.5 | 0.3 | 0.5 | 0.5 | 0.5 |
| Construction | 23.2 | 22.1 | 20.2 | 21.5 | 1.4 | 2.0 | 2.2 | 1.9 |
| Wholesale trade | 1.9 | 2.5 | 2.8 | 2.5 | 0.8 | 1.0 | 1.1 | 1.1 |
| Retail trade | 14.4 | 11.2 | 7.8 | 10.3 | 22.7 | 15.5 | 11.2 | 14.9 |
| Accommodation and food services | 14.6 | 7.6 | 4.4 | 7.3 | 26.8 | 14.4 | 8.3 | 13.9 |
| Transport, postal and warehousing | 3.2 | 4.3 | 5.3 | 4.6 | 1.7 | 2.2 | 2.4 | 2.2 |
| Information media and telecommunications | 0.6 | 1.0 | 1.3 | 1.1 | 0.6 | 1.1 | 1.1 | 1.0 |
| Financial and insurance services | 0.7 | 0.8 | 1.0 | 0.9 | 2.4 | 3.0 | 3.0 | 2.9 |
| Rental, hiring and real estate services | 0.3 | 0.8 | 0.8 | 0.7 | 1.4 | 1.8 | 1.6 | 1.6 |
| Professional, scientific and technical services | 1.2 | 1.8 | 2.6 | 2.1 | 1.6 | 3.0 | 3.8 | 3.1 |
| Administrative and support services | 3.7 | 3.9 | 3.7 | 3.8 | 3.7 | 4.5 | 4.7 | 4.4 |
| Public administration and safety | 6.2 | 8.3 | 10.1 | 8.8 | 4.9 | 9.2 | 12.5 | 9.9 |
| Education and training | 2.9 | 3.3 | 3.9 | 3.4 | 5.8 | 9.0 | 12.6 | 10.0 |
| Health care and social assistance | 2.2 | 4.0 | 5.4 | 4.3 | 12.3 | 19.9 | 22.6 | 19.8 |
| Arts and recreation services | 2.3 | 2.4 | 2.4 | 2.4 | 2.3 | 2.0 | 1.8 | 1.9 |
| Other services | 6.5 | 6.7 | 6.1 | 6.5 | 6.1 | 5.5 | 5.2 | 5.5 |
| **Total** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |

Note: Excludes those currently studying or for whom industry information is missing.
**Source:** 2016 Census

## Do Year 12 graduates do better in the labour market?

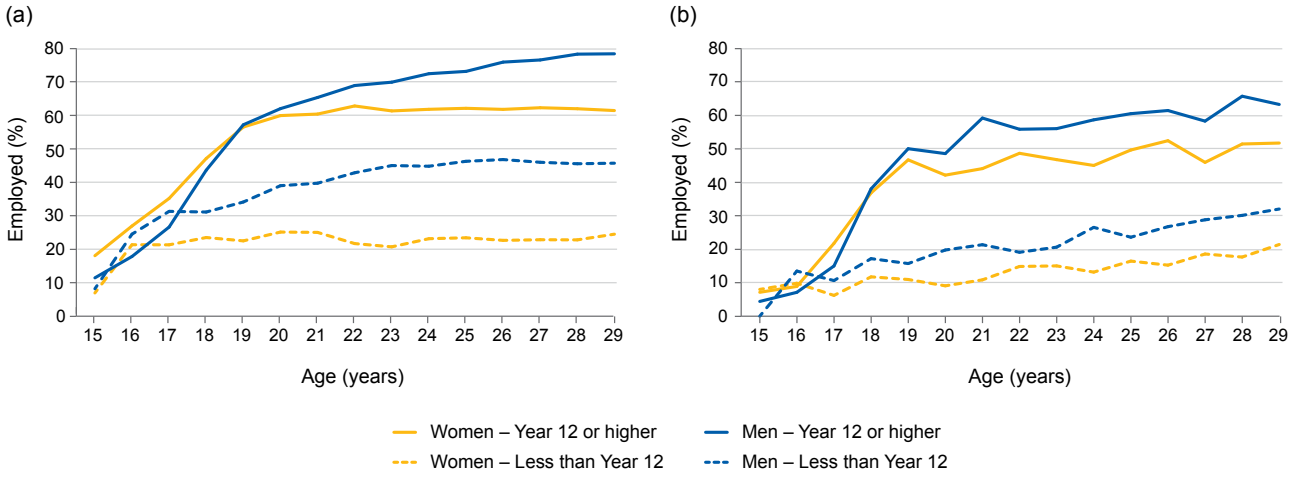
Year 12 attainment rates among Indigenous youth are increasing rapidly. Census data show that 65% of Indigenous 20–24-year-olds had completed Year 12 or an equivalent qualification in 2016, compared with 48% in 2006. We would expect that young people who complete Year 12 have better labour market prospects than those who do not finish school, and that they make a smoother transition into the labour market after finishing their education. This section examines several key indicators of labour market status and the quality of post-school jobs for Indigenous youth by the level of educational attainment. We compared Year 12 graduates (including those who have not finished Year 12 but are currently studying, and those who have a Certificate II–level qualification) with those who have not completed Year 12 or an equivalent qualification and are not currently studying.

Employment rates are similar for each group while they are 15 or 16 years old, but, from around the age when Year 12 is typically completed, employment rates of those with Year 12 are considerably higher (Fig. 7). In their 20s, Indigenous male Year 12 graduates in nonremote areas are more than 1.5 times more likely to be employed than those without Year 12, while the ratio is more than 2.5 times for women. Indigenous Year 12 graduates in remote areas have lower employment rates than those in nonremote areas, but their employment advantage over non–Year 12 graduates is even greater: male graduates are around 2.5 times more likely to be employed than nongraduates, and women more than 3 times.

The difference in NEET rates between those with and without Year 12 is even greater, given that Year 12 graduates are more likely to go on to further study and so may temporarily have lower employment rates while studying. The vast majority of 15–17-year-old Indigenous youth who leave school before completing Year 12 or an equivalent vocational qualification are NEET: around 90% in remote areas and 80% in nonremote areas (Fig. 8). This suggests that very few are leaving school to pursue employment. By contrast, relatively few Year 12 graduates are NEET in the years immediately after leaving school: around 20% of 18–20-year-olds in nonremote areas and 40% in remote areas, with similar rates for men and women. In their 20s, early school leavers in nonremote areas are around 3 times more likely to be NEET than Year 12 graduates, with NEET rates of 50–60% for men and just under 80% for women. In remote areas, NEET rates are higher for both groups, but early school leavers are still twice as likely to be NEET as Year 12 graduates.

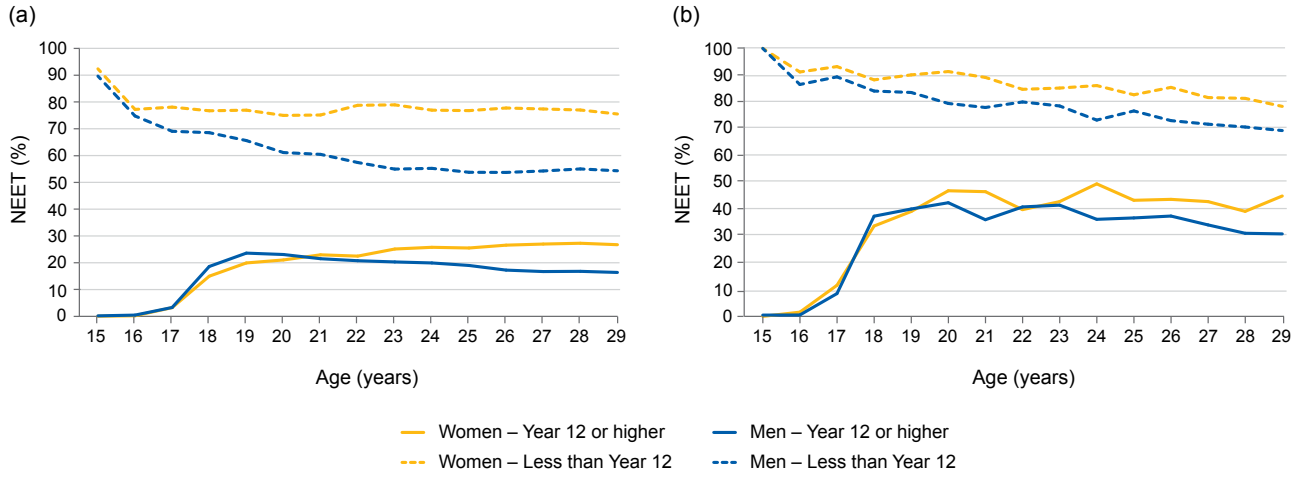
As well as having much better chances of employment, Indigenous Year 12 graduates tend to work in higher-skilled occupations and are more likely to work full-time than early school leavers (Fig. 9).[6] Among teenagers, the differences in post-school jobs by educational attainment are minimal, with men equally likely to work full-time whether they have finished Year 12 or not, and women equally likely to work in skilled occupations. However, among those in their 20s, Year 12 graduates are more likely to work full-time and in skilled occupations than early school leavers, and this difference tends to increase with age.

**FIG. 7.** Proportion of Indigenous youth in employment, by gender, age and educational attainment: (a) nonremote areas; (b) remote areas



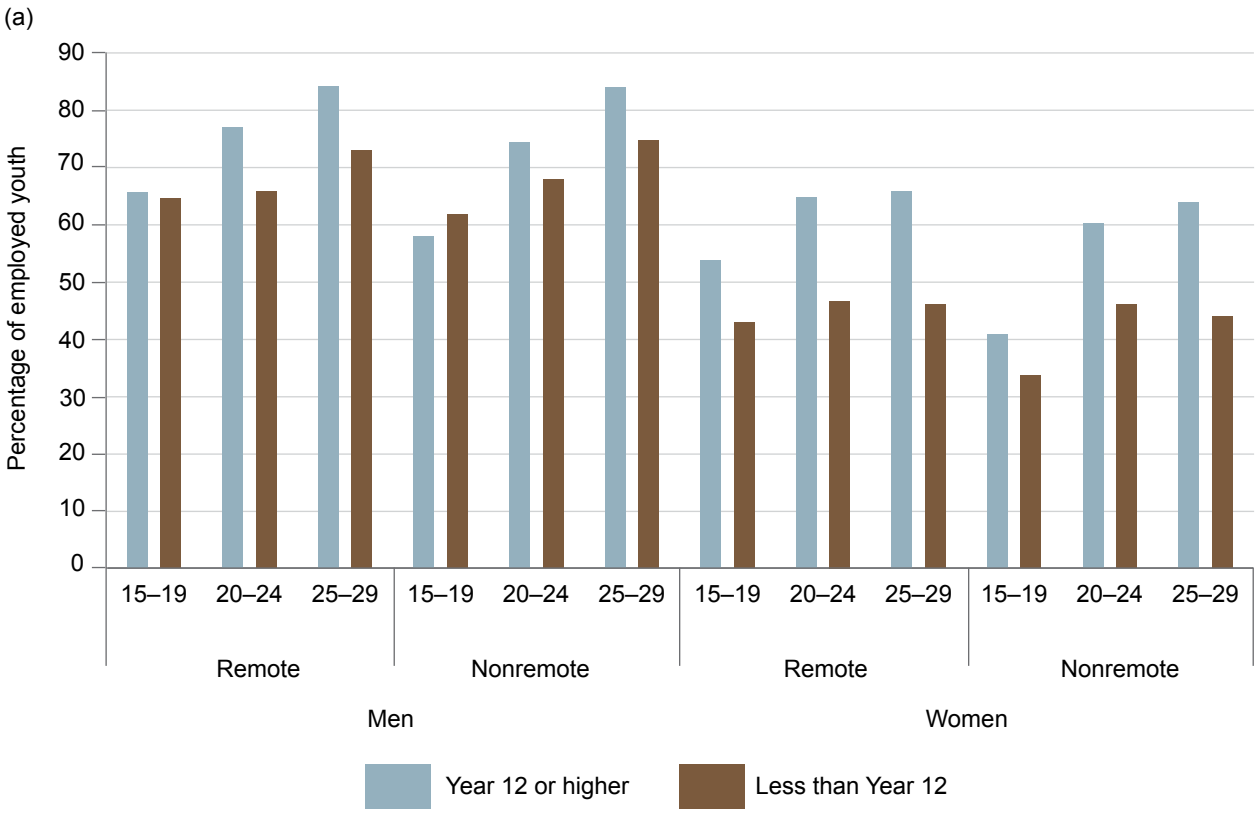

**Note:** Year 12 or higher includes those without Year 12 who are currently studying.
**Source:** 2016 Census

**FIG.8.** Proportion of Indigenous youth not in employment, education or training, by gender, age and educational attainment: (a) nonremote areas; (b) remote areas

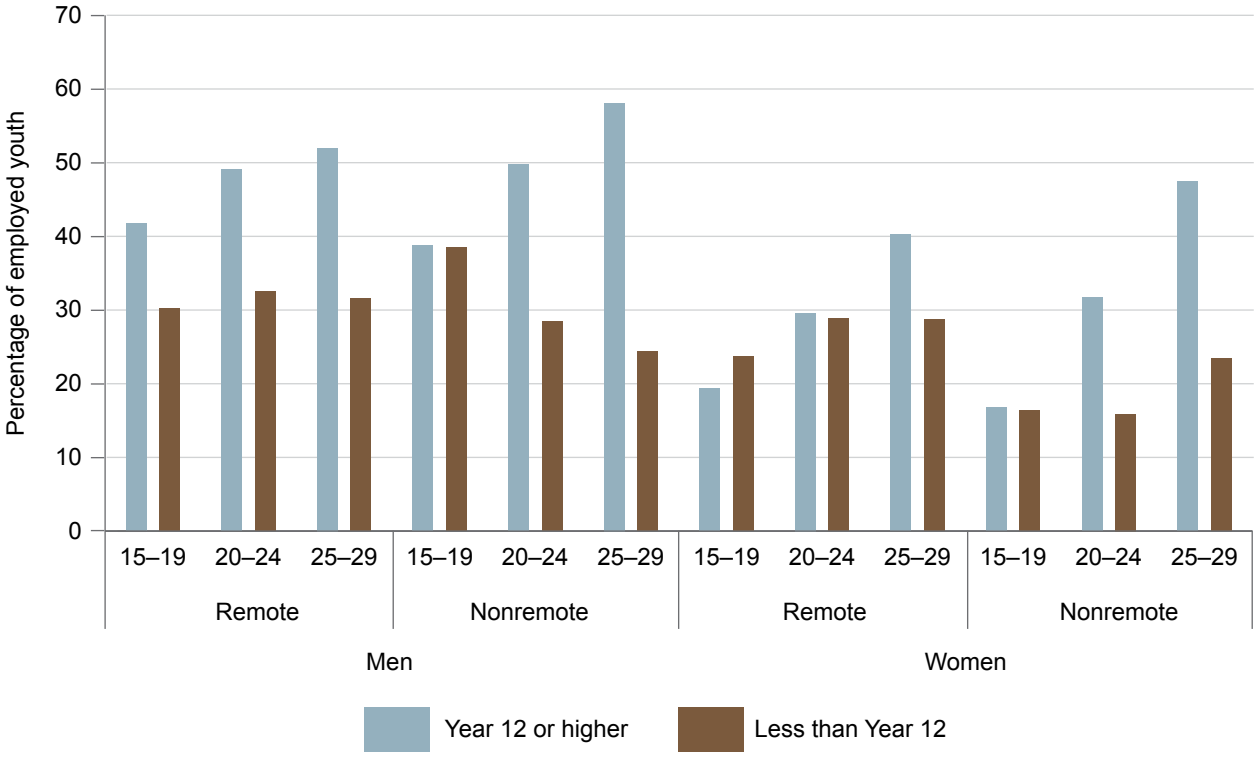



**NEET** = not in employment, education or training
**Note:** Year 12 or higher includes those without Year 12 who are currently studying.
**Source:** 2016 Census

**FIG. 9.** Post-school job characteristics of employed Indigenous youth, by highest educational attainment: (a) full-time employment;[a] (b) skilled employment[b]



(b)




**a** Works 35 hours per week or more.
**b** Skilled occupations include those at skill level 1, 2 or 3 of the Australian and New Zealand Standard Classification of Occupations classification
**Note:** Excludes those currently studying.
**Source:** 2016 Census

## Work experience

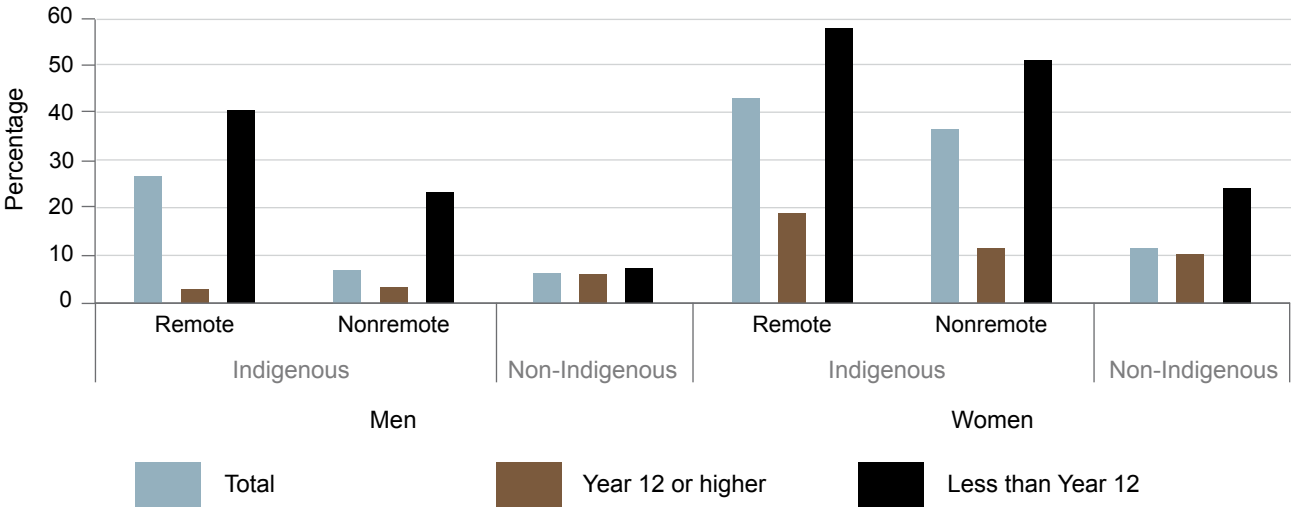
It is important to note that NEET status is not always associated with poor outcomes. Young people who are NEET may be engaged in caring responsibilities, travelling, volunteering or taking time to search for a job that matches their qualifications or interests, none of which are associated, prima facie, with poor labour market outcomes. However, long or repeated NEET spells leave young people at risk of longer-term disengagement with the labour market (e.g. Lucchino & Dorsett 2013).

Analysis in this paper shows that Indigenous youth have considerably lower employment rates and higher NEET rates than non-Indigenous youth at any point in time. We are not able to measure the total time they spend disengaged from the labour market from census data. However, data on work experience taken from the NATSISS and the HILDA Survey show that, over time, accumulated labour market disadvantage during youth manifests in stark differences by Indigenous status in work experience for those in their 30s. Work experience is a key determinant of future success in the labour market; unpublished estimates from the 2008 NATSISS show that Indigenous people with five years of work experience have 17–18% more personal income than those without work experience, which is most likely a combination of an increased probability of employment and higher wages for those who are employed.

A large proportion of Indigenous people in their 30s have very little paid work experience (Fig. 10). More than 50% of Indigenous women and 40% of men in remote areas have less than five years of paid work experience. Fewer Indigenous men in nonremote areas have low levels of work experience, but the levels remain far higher than for the non-Indigenous population.

Within the Indigenous population, differences in employment outcomes between Year 12 graduates and early school leavers generate a strikingly different pattern of work experience. By their 30s, early school leavers have considerably less paid work experience than Year 12 graduates. Around 40% of Indigenous men in remote areas and more than 50% of Indigenous women (remote or nonremote) who have not completed Year 12 have less than five years of work experience, compared with less than 5% of Indigenous male Year 12 graduates (remote or nonremote) and 11–19% of Indigenous female Year 12 graduates (remote or nonremote). Among Year 12 graduates, there is little difference in average work experience by Indigenous status, although Indigenous women in remote areas are more likely to have less than five years of work experience.

**FIG. 10.** Proportion of 30–39-year-olds with less than five years of paid work experience, by highest educational attainment




**Sources:** Indigenous: 2014–15 NATSISS; non-Indigenous: 2014 and 2015 waves of the HILDA Survey

## Concluding comments

Compared with non-Indigenous youth, Indigenous youth are less likely to be employed, studying or both. The employment gap between Indigenous and non-Indigenous youth increases in the years immediately following the end of compulsory schooling and continues to widen into the 20s. Indigenous teenagers are more likely to work in part-time, casual and unskilled jobs than non-Indigenous people in their 20s. While the differences in working hours and skilled employment between Indigenous and non-Indigenous teenagers are small, by their late 20s the gap in job quality is much larger. Previous research suggests that the jobs of Indigenous youth are also less secure, with a greater chance of moving out of employment over time (Hunter & Gray 2016).

Within the Indigenous population, there are stark differences in labour market outcomes for young men and women. While both groups are equally likely to participate in education, employment and NEET rates diverge between men and women in the late teens for Indigenous people in remote areas and in the early 20s for those in nonremote areas. After this age, women have considerably lower employment rates and higher NEET rates than men. Women are also less likely than men to work in skilled occupations and more likely to work part-time.

These early labour market experiences are likely to have both immediate and ongoing effects. In the short term, Indigenous youth are likely to have lower and more unstable incomes than their non-Indigenous counterparts. In the longer term, long periods spent out of work during youth can have scarring effects on future job prospects and wages (Gregg & Tominey 2005, Bell & Blanchflower 2011). This paper has shown that Indigenous Australians in their early 30s have much less labour market experience than their non-Indigenous counterparts, with large disparities also found within the Indigenous population.

Low wages and time spent out of employment are also likely to impede an individual's ability to accumulate savings and wealth, and, ultimately, reduce retirement income. By their 30s, many Indigenous people will have such a large deficit in work experience compared with non-Indigenous people that their chances of future labour market success – and the chances that policy interventions to encourage employment will be successful – are likely to be greatly diminished. The gender differences highlighted in our results suggest that Indigenous women are likely to be worst affected, both in the short and longer terms, with some of this difference caused by greater caring responsibilities.

However, there are signs of improvement in the labour market situation for Indigenous youth. Between 2011 and 2016, large increases in educational participation among Indigenous teenagers saw NEET rates drop for Indigenous men and women in nonremote areas. NEET rates also dropped for Indigenous people in their 20s in nonremote areas (particularly women). These results are especially encouraging given the deteriorating labour market situation for young Australians during this

period, particularly among those with lower levels of education. The picture in remote areas is more mixed, largely because the elimination of the CDEP scheme saw employment drop and NEET rates increase. Nevertheless, educational participation for Indigenous people in their 20s increased in remote areas.

Rapid increases in educational attainment among Indigenous youth are also likely to have a positive impact on average labour market outcomes. Indigenous youth who complete Year 12 or a higher qualification have substantially higher rates of employment and lower rates of inactivity, and are more likely to work full-time and in skilled occupations than early school leavers. Combined, these advantages mean that Indigenous Year 12 graduates in their 30s will have substantially more work experience than early school leavers of the same age, contributing to ongoing labour market advantages throughout life.

# Notes

1. Unfortunately, data to test this hypothesis are not currently available for a sufficiently large sample of Indigenous people over a long enough time.
2. The census does not include information on holding multiple jobs. The NATSISS does include data on holding multiple jobs, but the sample size is not large enough to make reliable estimates of the rates of multiple job holding for Indigenous youth by age, gender and remoteness. The overall proportion of employed Indigenous youth (aged 15–29 years) holding more than one job is 6.4%, compared with 9.9% for non-Indigenous youth (2014–15 NATSISS and 2014 GSSNI sample, accessed through the Australian Bureau of Statistics TableBuilder).
3. At the time of writing, remoteness indicators were not available in the 2016 Census, so this paper classifies 2016 Census Mesh Blocks, and therefore respondents, using remoteness areas used in the 2011 Census.
4. This rate is considerably lower for Indigenous women in nonremote areas.
5. Data on wages and earnings are available from the HILDA Survey, but the sample of Indigenous youth is too small to provide accurate estimates. Census and NATSISS data on income do not allow wage and salary earnings to be separated from nonlabour income, whereas other Australian Bureau of Statistics surveys of income, wages and earnings do not include Indigenous identifiers. Administrative data from the tax system have information on wages/salaries separate from other earnings but do not have an Indigenous identifier. Ongoing work by researchers at the ANU on the Multi-Agency Data Integration Project (MADIP) dataset that links 2011 Census, tax and social security data may shed light on this issue, but was not available in time for this paper, and has not been linked for the 2016 Census.
6. Because of the relatively small sample size, reliable estimates of casual employment rates (jobs without paid leave entitlement) similar to those shown in Fig. 6 were not available from the NATSISS.

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