



# HUNTER VALLEY YOUTH UNEMPLOYMENT SYMPOSIUM

Tuesday 24 November 2015



## DISCUSSION PAPER

24 NOVEMBER 2015, 8.30AM – 3.30PM. HUNTER TAFE, KURRI KURRI CAMPUS



Australian Government  
Department of Employment



Department  
of Industry



PREPARED BY CESSNOCK CITY COUNCIL FOR THE HUNTER VALLEY YOUTH UNEMPLOYMENT SYMPOSIUM

## TABLE OF CONTENTS

|  |    |
|--|----|
| Introduction to this Discussion Paper .....                | 1  |
| About the Hunter Valley Youth Unemployment Symposium ..... | 1  |
| Youth Unemployment .....                                   | 1  |
| Drivers of Youth Unemployment.....                         | 2  |
| Industrial drivers.....                                    | 2  |
| Economic Downturn .....                                    | 3  |
| Socioeconomic Disadvantage .....                           | 3  |
| Education and training.....                                | 5  |
| Other Drivers .....  | 6  |
| National .....   | 8  |
| State.....   | 8  |
| Hunter Valley .....  | 9  |
| The Region .....   | 9  |
| Workforce of Hunter Region .....                           | 10 |
| Youth Unemployment in the Hunter Region .....              | 10 |
| Youth Employment in the Hunter Region.....                 | 12 |
| Age Distribution.....                                      | 13 |
| Hunter Valley Local Government Areas.....                  | 14 |
| Estimated Resident Population .....                        | 14 |
| Unemployment.....  | 15 |
| Educational Attainment.....                                | 17 |
| Socio-Economic Indicies for areas (SEIFA) .....            | 20 |
| Job Vacancies.....   | 20 |
| Possible Solutions .....                                   | 22 |
| Diversification .....                                      | 22 |
| Investment to Create Jobs .....                            | 22 |

|                            |    |
|----------------------------|----|
| Skills and Education ..... | 23 |
| Programming .....          | 25 |
| What Works .....           | 27 |
| Conclusion .....           | 28 |
| Possible Solutions .....   | 29 |

## INTRODUCTION TO THIS DISCUSSION PAPER

The purpose of this discussion paper is to provide important background information and points of consideration for participants attending the Hunter Valley Youth Unemployment Symposium to be held in Cessnock LGA on Tuesday 24 November 2015.

## ABOUT THE HUNTER VALLEY YOUTH UNEMPLOYMENT SYMPOSIUM

Youth unemployment is a major issue nationally and locally. For the Hunter Region, outside of Newcastle, youth unemployment has risen to 20.6% and is the highest in NSW, according to new figures released by the Australia Bureau of Statistics. This equates to more than one in five young people in the Hunter unable to find a job.

The purpose of the Hunter Valley Youth Unemployment Symposium is to engage with a broad range of people who have the skills, knowledge, experience and ability to provide critical input into developing a Strategic Plan and Actions that can be immediately implemented to address youth unemployment in the Hunter Valley.

It is also the hope of the organisers of the Symposium that this Strategic Plan may be used by other regions to address youth unemployment, by tailoring it to suit their specific local needs.

## YOUTH UNEMPLOYMENT

National unemployment rates are yet to drop back to the pre-GFC heyday of 4%. Although the rate reached as low as 5% following the crisis, since 2012 it steadily increased to above 6%, hovering within a 0.3% range since January 2014. However, the increase in the youth unemployment rate has been more marked – up more than 5% in the period from August 2008<sup>1</sup> to reach the July 2015 rate of 13.8%<sup>2</sup>.

It is generally accepted that the rate of youth unemployment tracks higher than the rate for the population over 25 years of age. Youth unemployment rates are more sensitive to economic cycles, rising higher than the average rate during downturns and decreasing less during upswings<sup>3</sup>.

Borland (2015) outlines the reason for this. Young people transitioning from study to work are disproportionately represented in the job-seeker market. Economic downturns go hand in hand with a shrinking job market; with less new jobs available, young people competing with older, more experienced competition find it harder to gain employment. Whilst this trend is reflected in unemployment figures in the current downturn, when compared with those of the 1980s and 1990s a point of difference is the magnitude of the effect on youth unemployment – under 25s “*account for a larger share of the increase in the overall rate in the current economic downturn*”.

Youth unemployment is a serious issue with long-term ramifications for future employability and lifelong earning potential, as well as poorer physical and mental health outcomes<sup>4</sup>. An extended period of unemployment during youth is also correlated with a higher likelihood of entering the justice system and low social mobility<sup>5</sup>.

---

<sup>1</sup> Labour Force, Australia, August 2015, ABS

<sup>2</sup> Labour Force Region (SA4), SA4 Area Profile July 2015, Department of Employment

<sup>3</sup> The Australian Labour Market: The more things change... Borland, J. 2015

<sup>4</sup> International Lessons: Youth unemployment in the global context. Crowley, L., Jones, K., Cominetti, N., & Gulliford, J. (2013)

<sup>5</sup> Global and Local Youth Unemployment: Dislocation and pathways. Borges-Mendez, R., Denhardt, L., & Collett, M. (2013)

The alarming trend for youth unemployment will have ongoing ramifications for Australia's economy, impacting earning potential of a whole generation, their taxable contributions and their career progression opportunities.

## DRIVERS OF YOUTH UNEMPLOYMENT

### INDUSTRIAL DRIVERS

#### *Mining Legacy*

Mining dominance lends to a local economy that is fragile to change. While mining has historically been a major contributor to the Hunter Regional economy, the lack of industrial diversity may reduce long-term resilience to change within the region.

This is confirmed by a study undertaken by BHP Billiton in 2011 into mining impacts and community sustainability in the Hunter Region. The study reported that mono-industries such as mining create disproportionate opportunities for local employment. If an Local Government Area is a microcosm for the Hunter Region within an Australian context, the results could be devastating for future economic prosperity.

It is also suggested by anecdotal evidence that Hunter Region businesses have found it difficult to compete with wages offered by mining companies. The study further reported a decline in new business growth, with many business people finding it more beneficial to work in mining. With the recent decline in mining jobs, and an aversion to new business growth, career opportunities within the region may be constrained.

Effects such as high levels of long term unemployment, health issues, poverty, social exclusion and a decline in community resources have been experienced within the Hunter Region under a post mining legacy. The Cessnock LGA is a prime example of these issues. When there is dependency on a mono industry, municipalities may lack entrepreneurial tradition, resilience and experience to cope with change. Due to the relative prosperity of mining towns and the support provided by the long term industry, government might be less pro-active in community development than when mines are not present. This is further exacerbated when mines or industry close, those community members who are most able to mobilise community action and support local development, are those that are most likely to leave the town as the mines close.

The Australian labour market is moving away from the high labour intensive construction phase of the mining boom towards a less labour demanding production phase<sup>12</sup>. The former dominance and reliance on mining is generally misleading for ongoing jobs growth in the Australian economy. The mining industry is projected to employ fewer people between now and 2018.<sup>6</sup> Further impacts include improvements in technology, requiring less workers and impacts of overseas provision of goods.

Anecdotally, Cessnock LGA's mining background has resulted in skewed social norms, with lower educated people on much higher incomes when compared to wider community norms. Local school Principals and teachers have raised this issue that presents itself at school. There can be lower levels of aspiration within children to pursue further education, when their social norms suggest that a high income can be achieved without a university education. This is in direct conflict with Department of Education, national statistics, which draw a very strong correlation between level of education and increased income, and this can be directly attributed to mining legacy.

---

<sup>6</sup> Labour market challenges and opportunities in the Cessnock Local Government Area – Mr. Ivan Neville, Department of Employment, November 2014

### *Decline of Traditional Industries*

Manufacturing Australia-wide is under pressure from competition with developing nations with lower cost structures, limited raw materials, increasing energy prices, requirements for low carbon production and rapidly changing technology. The perpetual degeneration of industry in the Hunter Region surfaces in socioeconomic decline. The ability of other industries to absorb the decline is limited with skill transferability limitations as well as relative economic declines across the board.

Families of people formerly employed within these dominant industries (mining/manufacturing) may assume financial hardship and spending impacts have an intensified local flow on affect to the local economy. Projects that may have progressed under normal economic climates are stalled and job creation capacity is constrained.

### *Industries Where Young People Work*

The Department of Employment<sup>12</sup> states young people form the highest proportion of the Accommodation and Food Services Workforce with 43% of workers between the ages of 15-24. Retail Trade also employs a significant proportion of young people with 33% of workers being aged 15-24. Young workers are generally employed in entry level positions which do not generally require post school qualifications.

Industries with the largest numbers of young workers include:

- Retail Trade (406,300 or 22.8% of young workers)
- Accommodation and Food Services (335,400 or 18.8% of young workers)
- Construction (176,500 or 9.9% of young workers)
- Health Care and Social Assistance (137,200 or 7.7% of young workers)
- Manufacturing (105,900 or 5.9% of young workers)

## **ECONOMIC DOWNTURN**

During periods of economic downturn the unemployment rate has been shown to soar; with young people being the greatest cohort sensitive to this. An economic downturn slows the rate of job creation leading to a disproportionate number of young job seekers making a transition from education to work to available jobs<sup>11</sup>.

Therefore the young are often the most affected cohort during an economic downturn and youth unemployment tends to be the most severe increase. Trends have emerged to show this correlation from 2008 onwards, but are also consistent with the early 1990s and 1980s recessions. Young people lack the skills and experience of their older counterparts to compete for limited job availability<sup>12</sup>.

## **SOCIOECONOMIC DISADVANTAGE**

### *Long Term and Intergenerational Unemployment and Socioeconomic Disadvantage*

Socioeconomic conditions denote the resources available to an individual or family including future opportunities. Where whole families may lack a job, youth lack suitable role models to encourage aspirational workforce participation. This increases the likelihood of obstinate intergenerational disadvantage, and results in further negative social issues.

Research<sup>11</sup> shows that the longer the history of unemployment, the lower the probability of being employed within future periods. This is confirmed by Stephenson and Wray (2005, p.177-8) who state "social exclusion, economic hardship and poor mental and physical health are all well documented manifestations of long term unemployment. Allied to social decay and the problems associated with increased antisocial behaviour,

particularly ... substance abuse". The risk is undoubtedly higher for young people who fall into disengagement from work or training as long term outcomes equal ongoing unemployment.

Other studies<sup>14</sup> show that young people from disadvantaged backgrounds may make unwise educational decisions leading to poor career choices with limited labour market demand or limited ongoing job satisfaction and opportunity, leading to under-employment or no demand for their career choice. Disadvantage may incorporate other barriers to education and work pathways including no or limited access to computers and the internet, no access to transport (public or private motor vehicle) and inequitable access to health and education.

### **Unemployment Benefits**

As at September 2014, 26% or, more than a quarter of the working age population in the Cessnock LGA are in receipt of a government income support payment<sup>7</sup>, this is 53% higher than the NSW average.

Unemployment in Cessnock LGA is more than 45% higher than the NSW average.<sup>7</sup> As high as this appears, the true unemployment figure is masked within very high levels of Disability Support Pension (DSP) recipients. In Cessnock LGA, as at September 2014, 9% of the working age population were in receipt of the DSP, as opposed to the NSW figure of 5%<sup>7</sup>. Anecdotally, successive governments have utilised the DSP to deal with 'difficult' cases, where a combination of social and medical conditions have made it difficult to place a person into employment. An easier path was to direct the person to see their GP and source the evidence needed to meet the requirements for the DSP, removing their requirement to look for work, and at the same time removing them as an unemployment statistic. If it was assumed that 50% of those people on DSP in the Cessnock LGA are unemployed, our true level of unemployment is closer to 15%.

The Federal Government's change of policy around welfare and disability support payments in 2015 may spark a dramatic increase towards the published unemployment figures<sup>8</sup>. After tighter rules are implemented, many people under 35 years of age on the Disability Support Pension would be reassessed and a proportion realigned to the Newstart allowance. The difference is determined by a requirement after a short term to enter study or employment to continue receiving the benefit.

### **Jobless Families**

More than 1 in 5 families (21%) in the Cessnock LGA are jobless, which is 40% higher than the NSW average of 15%. Anecdotally, it is believed there are some families in Cessnock that third generation unemployed, this leads to significant social issues within a segment of the community and contributes to the issues of low aspiration and high educational disengagement within young people. As at September 2014, 2,130 children in Cessnock LGA were living in homes where nobody works.<sup>7</sup>

Jobless families include single parent families. A related and sometimes hidden issue is that of young mothers with low education attainment, some of whom will have become pregnant while at school and leaving prior to attaining their HSC, and sometimes prior to completing year 10. According to the 2011 Census, 24% of females between the ages of 18 and 24 were neither working nor studying, which is 70% higher than the NSW average of 14%.

---

<sup>7</sup> Labour market challenges and opportunities in the Cessnock Local Government Area – Mr. Ivan Neville, Department of Employment, November 2014

<sup>8</sup> Bowden, T. "Disability support pension eligibility crackdown forces people onto Newstart allowance: welfare groups" 26 Jun 2015, ABC News.

## EDUCATION AND TRAINING

### *Essential Skills*

The lack of foundation employability skills amongst unemployed locals in the Hunter Region often means that they cannot compete for local jobs, particularly in hospitality opportunities presenting in Hunter Valley wine regions.

The literature and research trends indicate that a general upskilling in soft skills is required across the board resulting in:

- Transferable skills
- Basic skills (numeracy/ literacy)
- Soft skills and customer service
- Leadership and business skills
- Strong socialisation and communication skills
- Strategic skills
- Work ethic
- 'Life experience' skills

The Department of Employment's Skills Shortage Research<sup>9</sup> provides that many unsuccessful applicants lacked communication skills. Another survey of Employers' Recruitment Experiences<sup>10</sup> found a range of employability skills and personality traits are viewed by employers as essential.

Employability skills commonly considered essential included:

- Interpersonal Skills
- Basic Computer Skills
- Customer Skills
- Communication

Personality Traits commonly considered essential included:

- Attitude and adaptability
- Reliability
- Presentation
- Work ethic

Studies<sup>11</sup> have shown classroom training has mixed outcomes and successful training for employment prospects, occurs with a compounding effect over time. Currently skills training and general education may offer one off opportunities to learn such soft or transferable skill sets which is not supportive of long term successful employment outcomes.

Under skilled positions, such as the largest occupation category in Australia, *Sales Assistant* employs more than half a million Australians and generally do not require qualifications. Alternatively, soft skills form the desirable attributes of successful candidates<sup>12</sup>.

---

<sup>9</sup> Department of Employment "The skilled labour market a pictorial overview of trends and shortages" 2014-15.

<sup>10</sup> Department of Employment. "Survey of Employers' Recruitment Experiences, all regions" 12 Months to March 2014.

<sup>11</sup> Borland, J. (2015) "The Australian Labour Market: The More things Change..." *The Australian Economic Review*, 48:3, pp225-42

## Education Status

The Department of Employment <sup>12</sup> provides that people that complete post-school study are generally less likely to be unemployed and generally receive higher pay than those who don't pursue further studies after school. Employment outcomes are also strong for apprenticeships and trainees where gaining education and work skills contribute to positive work outcomes.

40% of SA4: Hunter Valley excluding Newcastle and 38% of SA4: Newcastle and Lake Macquarie's workforce lacked any post school qualifications<sup>12</sup>. Aside from SA4: Far West and Orana these were the highest proportions in NSW, meaning that should labour demand reduce and these employees be displaced, the likelihood of being able to place them in gainful employment in a competitive scenario is significantly decreased.

At 44%, HSC completion rates in the Cessnock LGA are 70% lower than the NSW average of 75%. Additionally, only 10% of 25-34 years olds in Cessnock LGA have completed a Bachelor degree or higher level of education, compared to the NSW average of 37%<sup>13</sup>.

Once again, anecdotally low aspirations within a segment of the community can be attributed to this, however when seemingly unrelated statistics and facts are brought together a picture starts to emerge. Research<sup>13</sup> suggests that young people are staying in Cessnock when they leave school, which is contrary to the normal trend in other Australian regional centres. Cessnock LGA does not have a university, so it is clear that those who do pursue a university education are either commuting, or leave the LGA while they study. The majority who remain are in competition for low skilled jobs, for which there is currently low demand (high supply low demand). There is high demand for high skilled jobs (Level 1 and 2), but there is very low supply within the LGA (low supply high demand). This is a serious structural problem within the Cessnock LGA's labour market, which needs to be resolved.

---

Q      *What can we do about this?*

---

## OTHER DRIVERS

### Job Quality

Job quality may be a factor for whether young people end up in long term employment<sup>14</sup>. The research provides young people are more likely to be found in poor quality jobs, and that temporary jobs often defer employment in the longer term<sup>14</sup>.

### Jobs Create Jobs

Cessnock City Council's Economic Development Unit has modelled the following scenario over available current employment data within the Hunter Region, to demonstrate the opportunities that might come from stimulating the local labour market.

The model included no changes excepting for the addition of 10 new jobs within each of the 19 industry sectors within the Hunter Region. A total of 190 new jobs within the Hunter Region resulted in a direct increase in output of \$89.746 million for the economy.

---

<sup>12</sup> Australian Jobs 2015, Department of Employment

<sup>13</sup> Labour market challenges and opportunities in the Cessnock Local Government Area – Mr. Ivan Neville, Department of Employment, November 2014

<sup>14</sup> Quintini, G. & Martin, S. (2014) "Same Same but different: school to work transitions in emerging and advanced economies" *OECD Social, Employment, and Migration Working Papers*, 154, OECD Publishing

From this direct job expansion, there is flow on effect to industry through local purchases of goods and services, and the 190 new jobs is therefore estimated to result in a gain of a further 106 jobs.

The increase in direct and indirect output and the corresponding creation of jobs in the economy are expected to result in an increase in the wages and salaries paid to employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured in the local economy. The consumption effects under this scenario are estimated to further boost employment by 95 jobs.

Total employment, including all direct, industrial and consumption effects is estimated to increase by up to 391 jobs. This is an Employment multiplier of 2.058.

Not only does the economic model provide that new jobs create more new jobs. The value-add, including all direct, industrial and consumption effects of 190 new jobs in the Hunter Region economy is estimated to increase by up to \$76.268 million.

The impact summary of the addition of 10 new jobs to each industry sector within the Hunter Region is presented in Table 1 below.

**Table 1: Outputs from 190 New Jobs in Hunter Region Scenario**

| Impact Summary                  | Direct Effect | Industrial Effect | Consumption Effect | Total Effect | Type 1 Multiplier | Type 2 Multiplier |
|---------------------------------|---------------|-------------------|--------------------|--------------|-------------------|-------------------|
| <b>Output (\$M)</b>             | \$89.746      | \$41.293          | \$26.387           | \$157.426    | 1.460             | 1.754             |
| <b>Employment (Jobs)</b>        | 190           | 106               | 95                 | 391          | 1.558             | 2.058             |
| <b>Wages and Salaries (\$M)</b> | \$16.385      | \$9.015           | \$6.077            | \$31.476     | 1.550             | 1.921             |
| <b>Value-added (\$M)</b>        | \$44.006      | \$17.556          | \$14.706           | \$76.268     | 1.399             | 1.733             |

### **Social Return on Investment**

Over and above the pure economic benefits, increasing opportunities on the supply side of the labour market equation will result in significant social returns for the community, and result in savings at all levels of government. It is well recognised that the cost of unemployment is much wider than the monetary cost of providing unemployment benefits. Long-term unemployment has clear and demonstrable links to other social problems, which have a massive cost to government and the community as a whole. Examples of where savings can be made include the health system, mental health and management of chronic health conditions, juvenile justice, the justice system, law enforcement, probation and parole, child protection, drug and alcohol and domestic violence.

## NATIONAL

There are 3.1 million Australians aged 15-24, and 1.8 million of these are unemployed<sup>12</sup>. Australia's youth unemployment rate as at July 2015 is 13.8%, more than double the overall unemployment rate of 6.3%<sup>15</sup>.

Unemployment is not the only factor affecting young people. At August 2015 the underutilisation rate for persons aged 15-24 was 30.9% compared with 14.6% for the total population<sup>16</sup>. This rate has generally trended upwards since Feb 2008 when it was 19.9%. Underutilisation is a useful measure because it combines both unemployed and underemployed figures. Underemployment means a person is employed but in a capacity less than desired due to less hours, lower pay, or at a lower skill level than that person is capable. A working paper looking at school-to-work transitions found *“young people are more likely to be found in poor-quality jobs than their adult counterparts”*<sup>17</sup>.

This is reflected by anticipated weaker employment outcomes for university graduates, with predictions of increasingly soft demand for professionals – particularly in mining and engineering.<sup>18</sup> Numbers of graduates able to secure full-time employment within four months of graduation declined from 85.2% in 2008 to 68.1% in 2014. The downward trend is expected to continue, with a projected 2% decrease to 66.1% in 2016-2017. In February 2015, young people accounted for 29.8% of the long term unemployment pool<sup>12</sup>.

Whilst labour market conditions have only increased by 1.3% over the year to February 2015 they are not considered significant as the annual average rate is 1.8%<sup>12</sup>.

## STATE

NSW has the largest population of any state and is in the middle of the pack in regard to state youth unemployment, faring better than national figures with a rate of 12.7%. However, as with the national figures, youth unemployment is still more than double the overall state unemployment rate of 6.0%.

In NSW unemployment duration is on the rise, with the number of people securing employment within four weeks decreasing by 1.3%. People most commonly spend 4 – 13 weeks unemployed. However, since July 2010 there's been a concerning 70% increase in the number of people who remain unemployed for 104 weeks and over<sup>19</sup>.

NSW has the 2<sup>nd</sup> highest youth long term unemployment behind Tasmania<sup>12</sup>.

---

<sup>15</sup> Labour Force Region (SA4), SA4 Area Profile July 2015, Department of Employment

<sup>16</sup> Labour Force, Australia, August 2015, ABS

<sup>17</sup> Same Same but Different: School-to-work transitions in emerging and advanced economies. Quintini, G., & Martin, S. (2014)

<sup>18</sup> The Skilled Labour Market: A pictorial overview of trends and shortages 2014-15, Department of Employment

<sup>19</sup> SA4 - Unemployment Duration, July 2015

## HUNTER VALLEY

### THE REGION

The Hunter Region covers an area of 29,145 km and incorporates 11 Local Government Areas<sup>20</sup>. The Hunter Region is located north, north-west of Sydney.

The Region incorporates two Australian Bureau of Statistics Level 4 Statistical Areas (SA4):

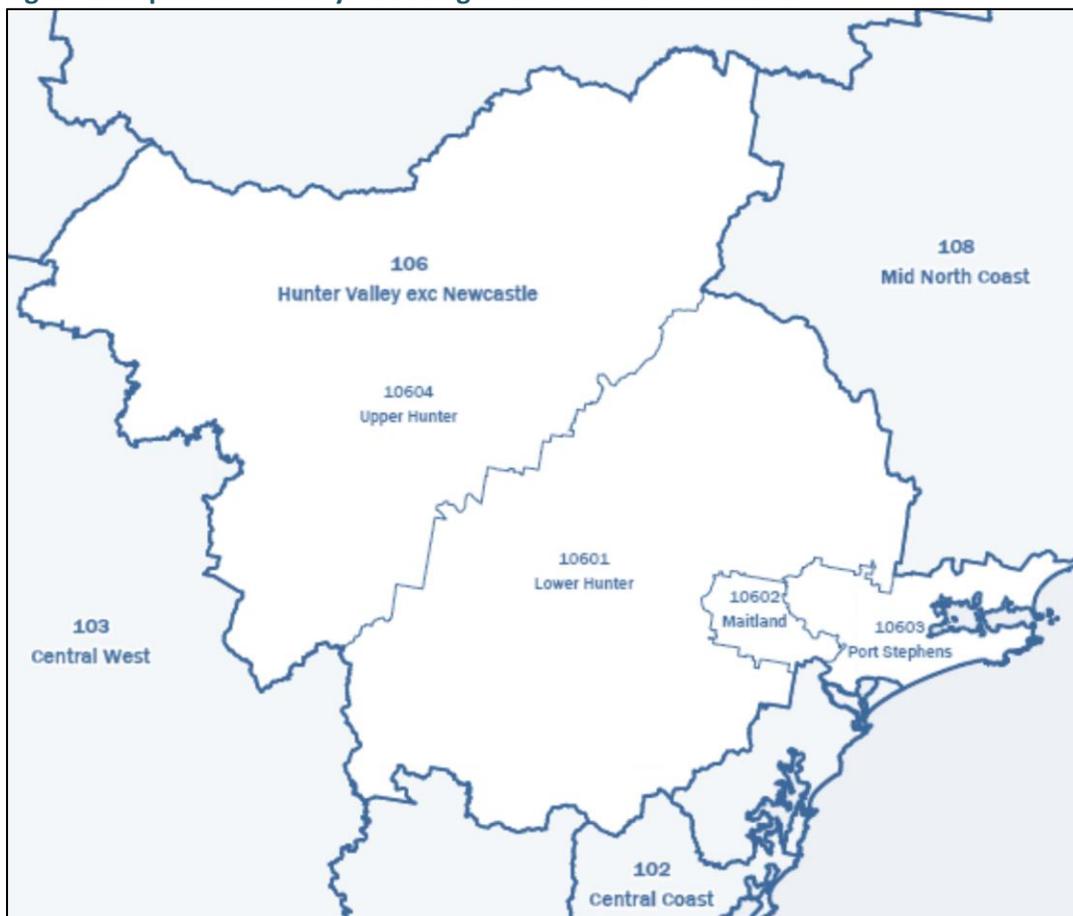
1. Hunter Valley excluding Newcastle SA4 (referred to as Hunter Valley in this document)
2. Newcastle and Lake Macquarie SA4 (referred to as Newcastle & Lake Macquarie in this document).

At a government level, the Hunter contains 6 Federal electorates, 10 State electorates and 11 local government areas: Cessnock, Dungog, Gloucester, Great Lakes, Lake Macquarie, Maitland, Muswellbrook, Newcastle, Port Stephens, Singleton and Upper Hunter Shire.

The Hunter Region had 240,049 jobs at August 2015, with the highest proportions of employees in manufacturing (10.2%), Education and Training (8.2%), Accommodation and Food Services (7.8%) and Construction (6.6%).

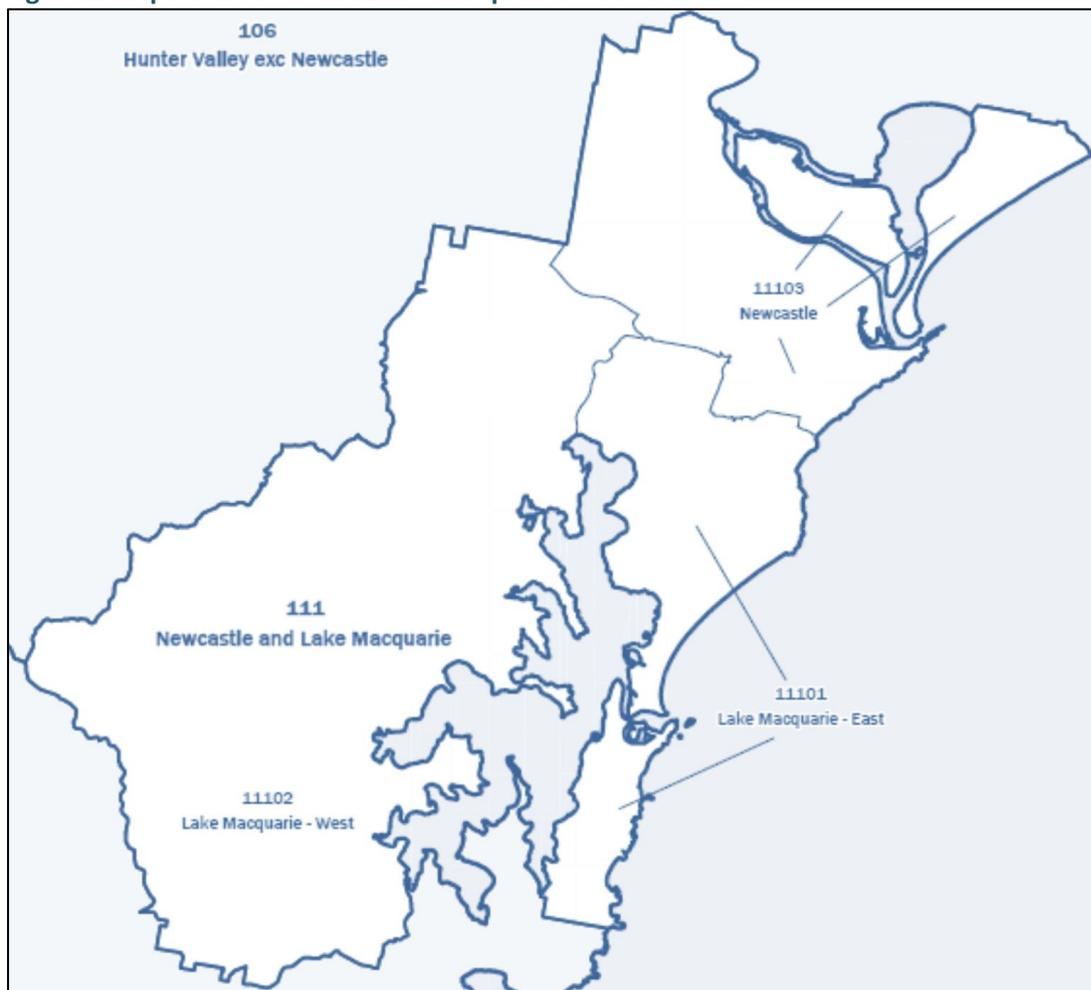
The top 5 driving sectors for employment within the Hunter Region are Manufacturing, Retail Trade, Accommodation and Food Services, Education and Training and Health Care and Social Assistance.

**Figure 1 Map: Hunter Valley excluding Newcastle Statistical Area**



<sup>20</sup> Hunter Councils, <http://strategicservicesaustralia.com.au/>

Figure 2 Map: Newcastle and Lake Macquarie Statistical Area



## WORKFORCE OF HUNTER REGION

Although geographically proximal, the two SA4 areas are somewhat demographically incongruent<sup>21</sup>. The Hunter Valley workforce has a blue collar skew with more than 40% of workers identifying as Technicians and trades workers (18.6%), Machinery operators and drivers (12.2%), and Labourers (11.5%). Just over 30% of workers in Newcastle and Lake Macquarie identify as same, segmented as Technicians and Trades Workers (15.3%), Labourers (9.6%), and Machinery operators and drivers (6.8%). Conversely, approximately 37% of Hunter Valley workers fall into the white collar category (Managers, Professionals, Admin and Clerical) compared with 46.5% in Newcastle & Lake Macquarie.

## YOUTH UNEMPLOYMENT IN THE HUNTER REGION

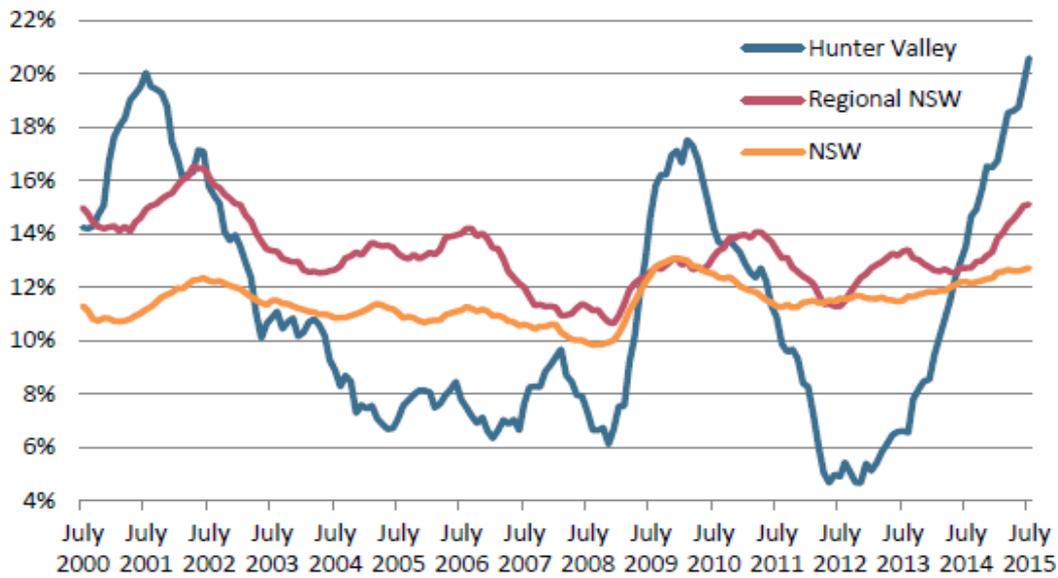
The employment figures for each SA4 also reveal a mismatch in fortunes<sup>22</sup>. Sitting at 20.6%, the Hunter Valley has the fourth highest youth unemployment rate in Australia and the highest in NSW. It also has the highest overall unemployment rate in the country at 11.3%. The region's participation rate – that is, the number of people in employment or actively seeking employment – is in the lower third nationwide at 62.9%.

As illustrated below in Figure 3, time series data illustrates periods of high youth unemployment in the Hunter Valley in the last 15 years, at times quite out of sync with state trends.

<sup>21</sup> Data by Region, ABS <http://stat.abs.gov.au/itt/r.jsp?databyregion#/>

<sup>22</sup> Labour Force Region (SA4), SA4 Area Profile July 2015, Department of Employment

**Figure 3: Hunter Valley labour force trends, September 2015<sup>23</sup>**  
**Youth unemployment rate (July 2000 to July 2015)**



As shown in Figure 4 below, Newcastle & Lake Macquarie has a much lower overall unemployment rate of 5.2% and a youth unemployment rate of 15.1%. The employment rate is 72.4% and the participation rate is 61%. The time series data for Newcastle & Lake Macquarie reveals a level of volatility in youth unemployment not matched by that experienced across the state.

**Figure 4: Newcastle & Lake Macquarie labour force trends, September 2015<sup>24</sup>**  
**Youth unemployment rate (July 2000 to July 2015)**

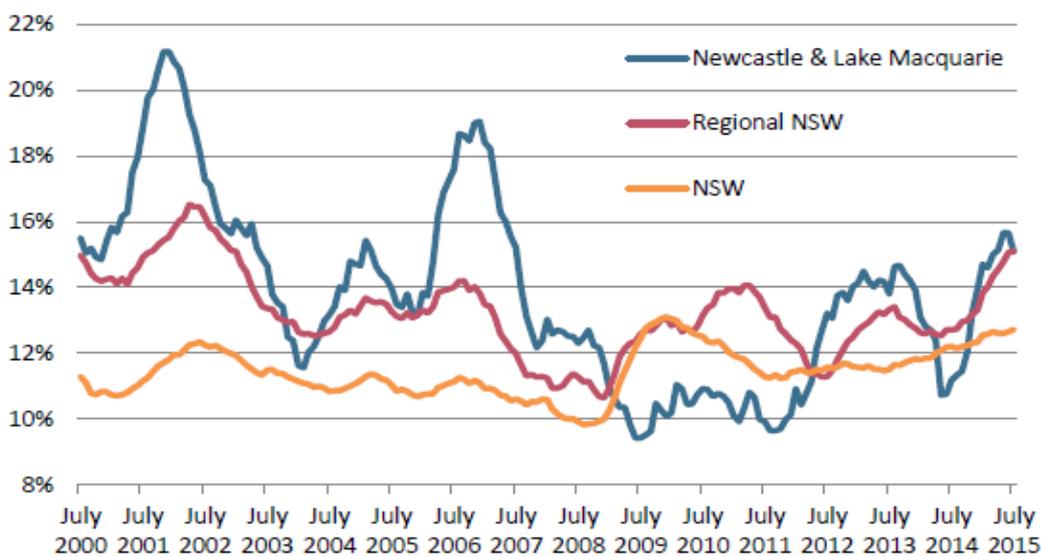


Table 2: Labour Force Region (SA4), SA4 Profile July 2015 provides a summary for the working age populations, employment rate, participation rate, unemployment rate and youth unemployment rate for the Hunter Valley and Newcastle & Lake Macquarie.

<sup>23</sup> Hunter Valley labour force trends, NSW Parliamentary Research Service September 2015 e-brief 11/2015

<sup>24</sup> Newcastle & Lake Macquarie labour force trends, NSW Parliamentary Research Service September 2015 e-brief 12/2015

**Table 2: Labour Force Region (SA4), SA4 Profile July 2015<sup>25</sup>**

|  | Hunter Valley SA4 | Newcastle & Lake Macquarie SA4 |
|--|-------------------|--------------------------------|
| <b>Working age population (15-64)</b>  | 169,000           | 242,000                        |
| <b>Employment rate (15-64)</b>         | 67.6%             | 72.4%                          |
| <b>Participation rate (15+)</b>        | 62.9%             | 61%                            |
| <b>Unemployment rate (15+)</b>         | 11.3%             | 5.2%                           |
| <b>Youth unemployment rate (15-24)</b> | 20.6%             | 15.1%                          |

## YOUTH EMPLOYMENT IN THE HUNTER REGION

The number of young people aged 15-24 employed within the Hunter Region is 40,453 and comprises 16.9% of all employees within the region as shown in Table 3.

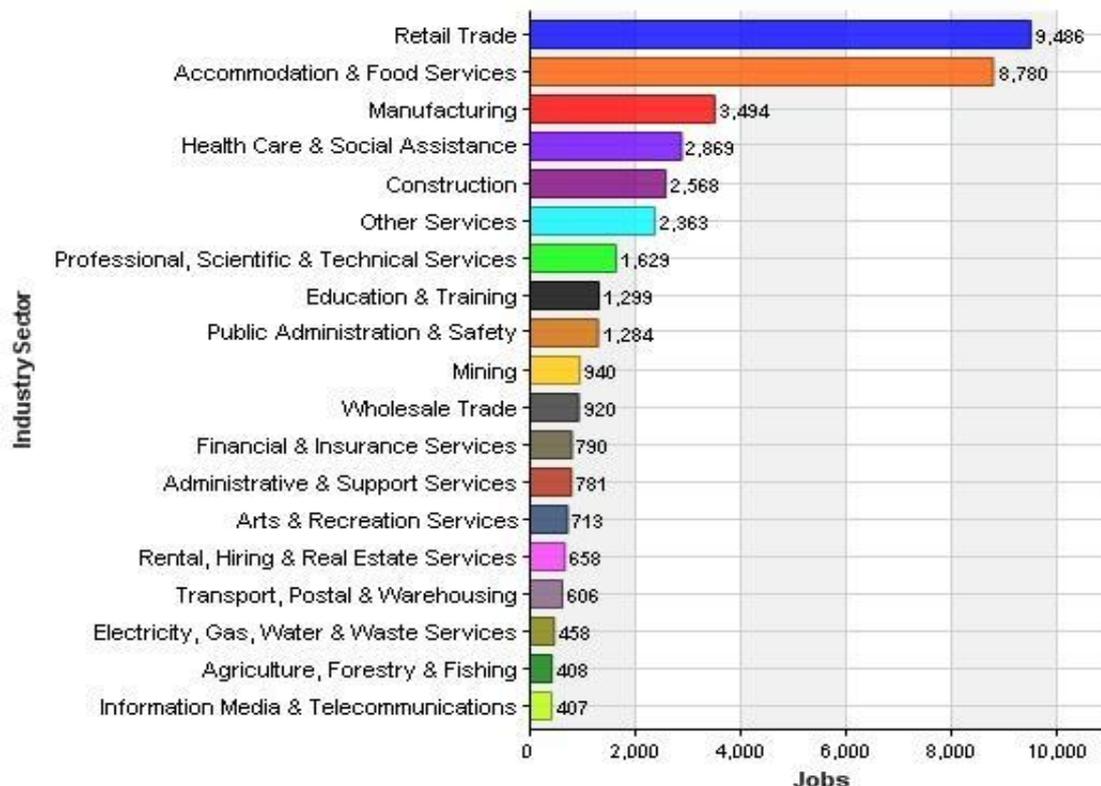
**Table 3: Young Workers in the Hunter Region**

| Work in Hunter Region (Aug 2015) |        |        |
|----------------------------------|--------|--------|
| Age                              | Jobs   | %      |
| <b>15 - 19</b>                   | 16,572 | 6.9 %  |
| <b>20 - 24</b>                   | 23,881 | 9.9 %  |
| <b>Sub-Total</b>                 | 40,453 | 16.9 % |

Data based on: 2011, ABS, Census of Population and Housing

Young people within the Hunter Region are mostly employed within Retail Trade and Accommodation and Food Services as presented in Figure 5.

**Figure 5: Workforce Breakdown - Young people Working in Hunter Region (Aug 2015)**



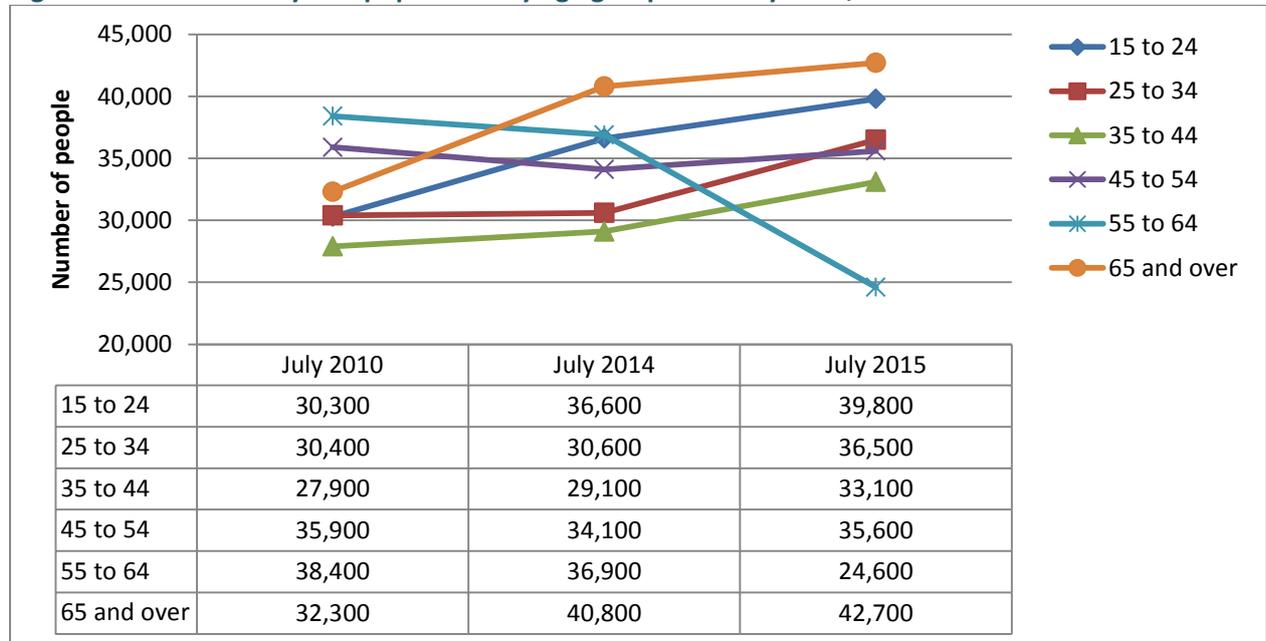
38,807 jobs are filled by young workers who work and live within the Hunter Region providing that 96% of young workers in the Hunter Region also live in the Hunter Region. Only 1628 jobs are filled by young people who work in the Hunter Region but live outside the Hunter Region.

<sup>25</sup> Labour Force Region (SA4), SA4 Area Profile July 2015, Department of Employment

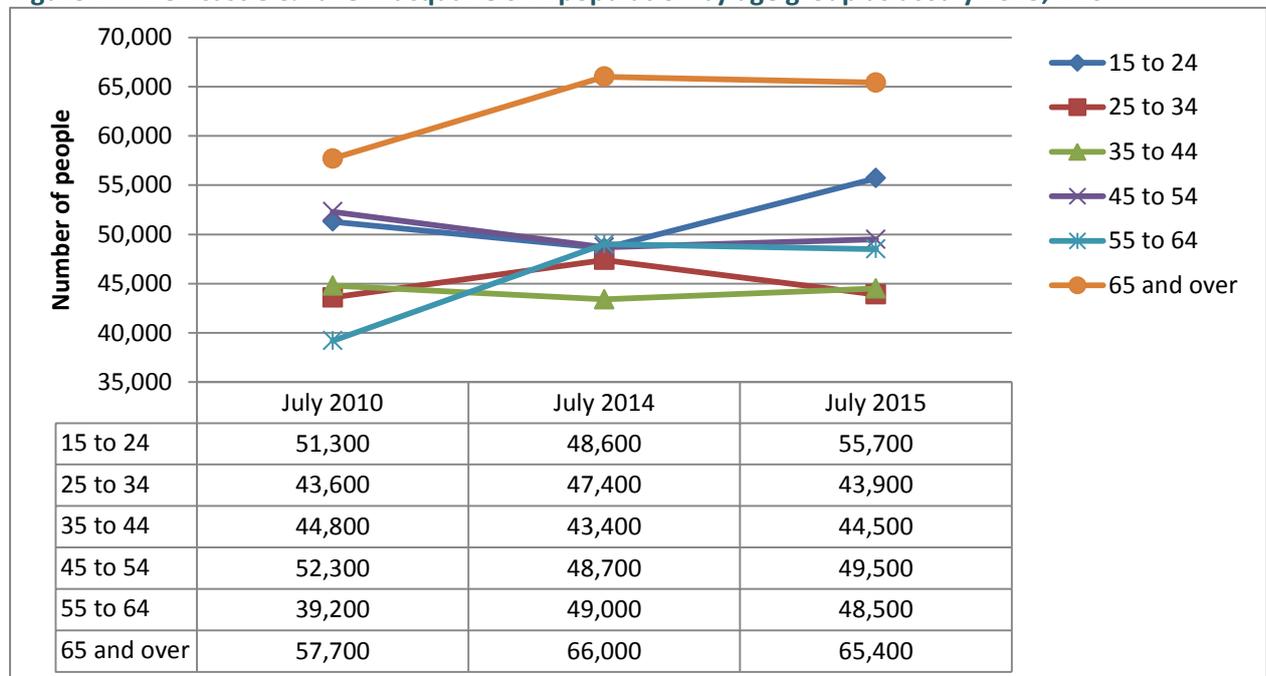
## AGE DISTRIBUTION

Figure 6 and Figure 7 provide the age distribution of populations in each SA4. These are also different, with the exception that the top two age groups are 65 and over (42,700 and 65,400) and 15 to 24 (39,800 and 55,700)<sup>26</sup>. It is important to note that youth population has increased in both SA4s since 2010 making it all the more critical to address the employment opportunities available to this demographic.

**Figure 6: Hunter Valley SA4 population by age group as at July 2015, ABS**



**Figure 7: Newcastle & Lake Macquarie SA4 population by age group as at July 2015, ABS**



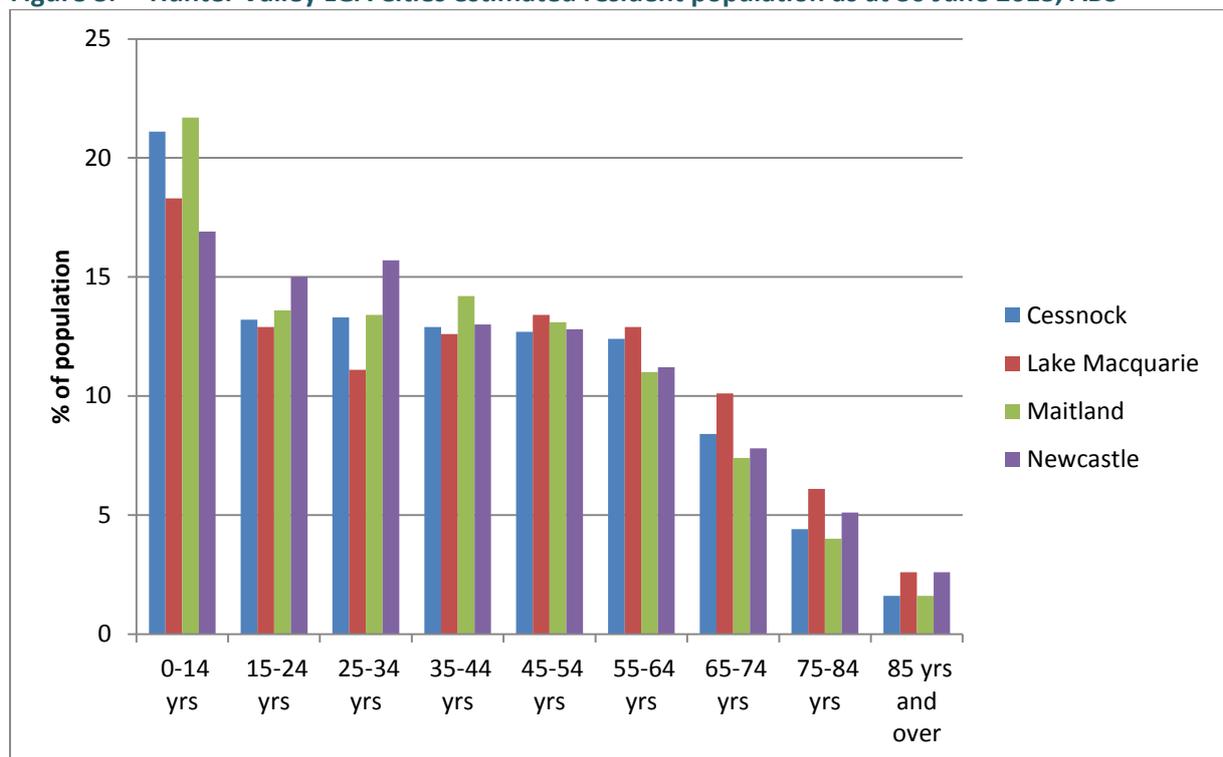
<sup>26</sup> SA4 Population by Age Group Time Series – July 2015, ABS

## ESTIMATED RESIDENT POPULATION

As stated previously, there are 11 Local Government Areas (LGAs) in the Hunter Valley with four cities being Cessnock, Lake Macquarie, Maitland and Newcastle; and seven shires being Dungog, Gloucester, Great Lakes, Muswellbrook, Port Stephens, Singleton and Upper Hunter.

The population distribution across the region’s cities is fairly uniform, with the largest representation in the age group 0-14 years and the smallest in the 85 years and over. Figure 8 shows that at 15%, Newcastle LGA has the highest proportion of youth.

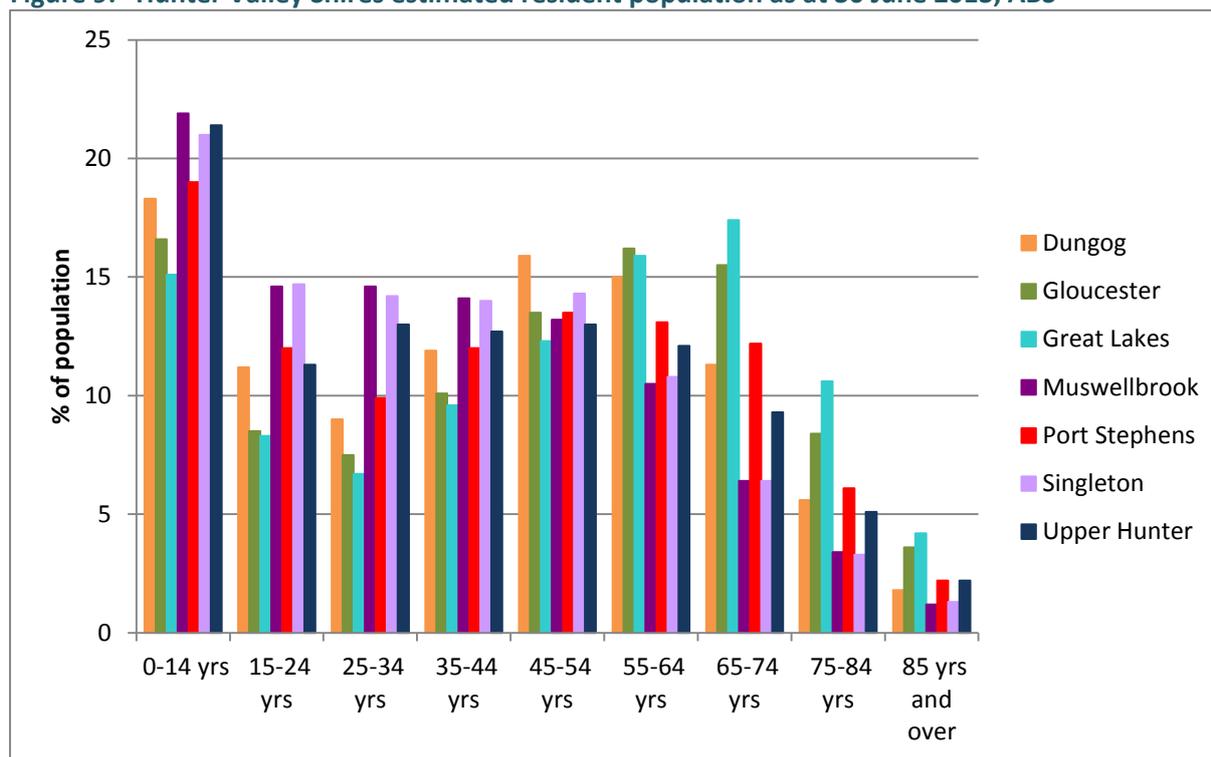
**Figure 8: Hunter Valley LGA Cities estimated resident population as at 30 June 2013, ABS**



The population age distribution is not as uniform in the shire LGAs. As shown in Figure 9, the proportion of youth in Gloucester and Great Lakes shires is significantly smaller than other LGAs, sitting at 8.5% and 8.3% respectively. Muswellbrook and Singleton’s youth population accounts for respective 14.6% and 14.7% proportionally<sup>27</sup>.

<sup>27</sup> Estimated Resident Population as at 30 June 2013, ABS

**Figure 9: Hunter Valley Shires estimated resident population as at 30 June 2013, ABS**



## UNEMPLOYMENT

The mining downturn has hit the Hunter region hard with more than 2,500 Hunter miners losing their jobs in the past two years<sup>28</sup>.

Figure 10 demonstrates Cessnock Local Government Area’s unemployment rate spiked significantly since December 2010, sitting at 13.8% at June 2015<sup>29</sup> and placing it in a much worse position than neighbouring cities by more than 4 percentage points.

Cessnock LGA’s high unemployment rate can be explained in part by successive mine closures and the loss of some high employing companies such as Hydro Aluminium. New announcements show that major local mining employers Abel and Austar are also set to downsize again<sup>30</sup>.

Socioeconomic factors also play a part. Education levels in Cessnock LGA have traditionally been lower than the State average, and experiences lower than average levels of Higher Tertiary education.

At 44%, the HSC completion rate in the Cessnock LGA is 70% lower than the NSW average of 75%. Only 10% of 18-34 years olds in the Cessnock LGA have completed a bachelor degree or higher level of education, compared to the NSW average of 37%. Research suggests that youth are staying in the region when they leave school, there is no university in the Cessnock LGA.<sup>31</sup>

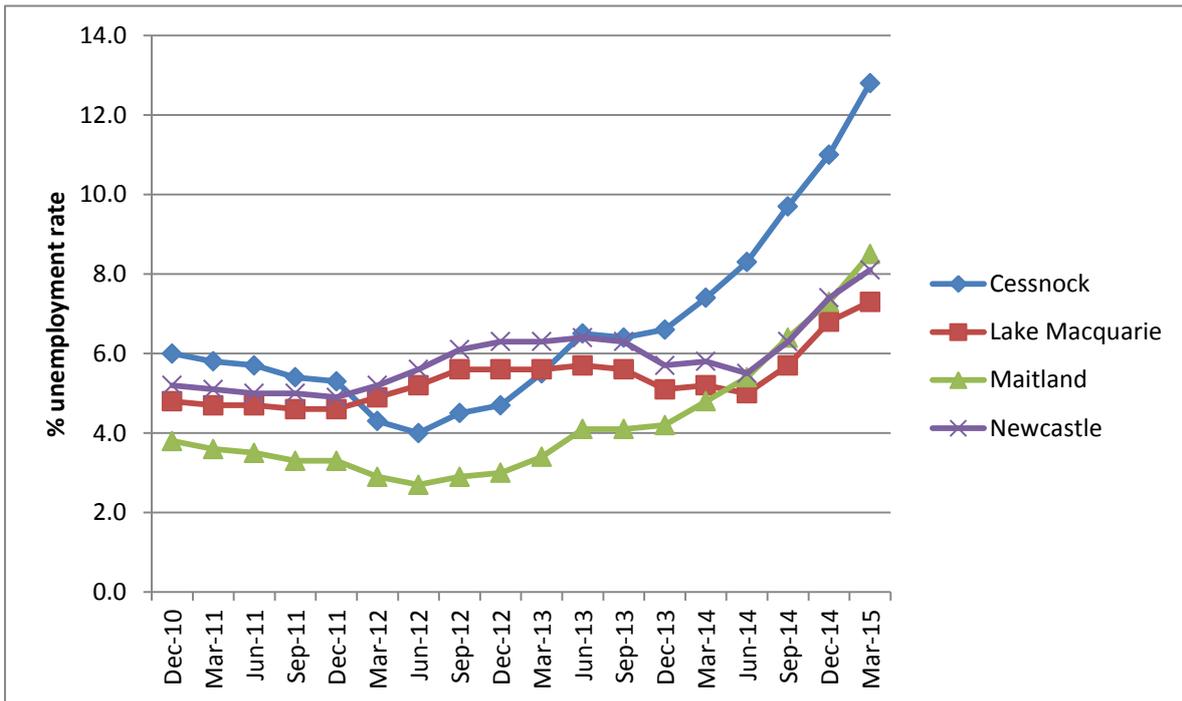
<sup>28</sup> Galillee, S. “Hunter’s future depends on realising political promises”, 18 Jan 2015, The Newcastle Herald.

<sup>29</sup> Small Area Labour Markets March qtr. 2015 (LGA Data tables).

<sup>30</sup> <http://www.cessnockadvertiser.com.au/story/3233648/jobs-to-go-at-austar-abel-coal-mines/?cs=459>

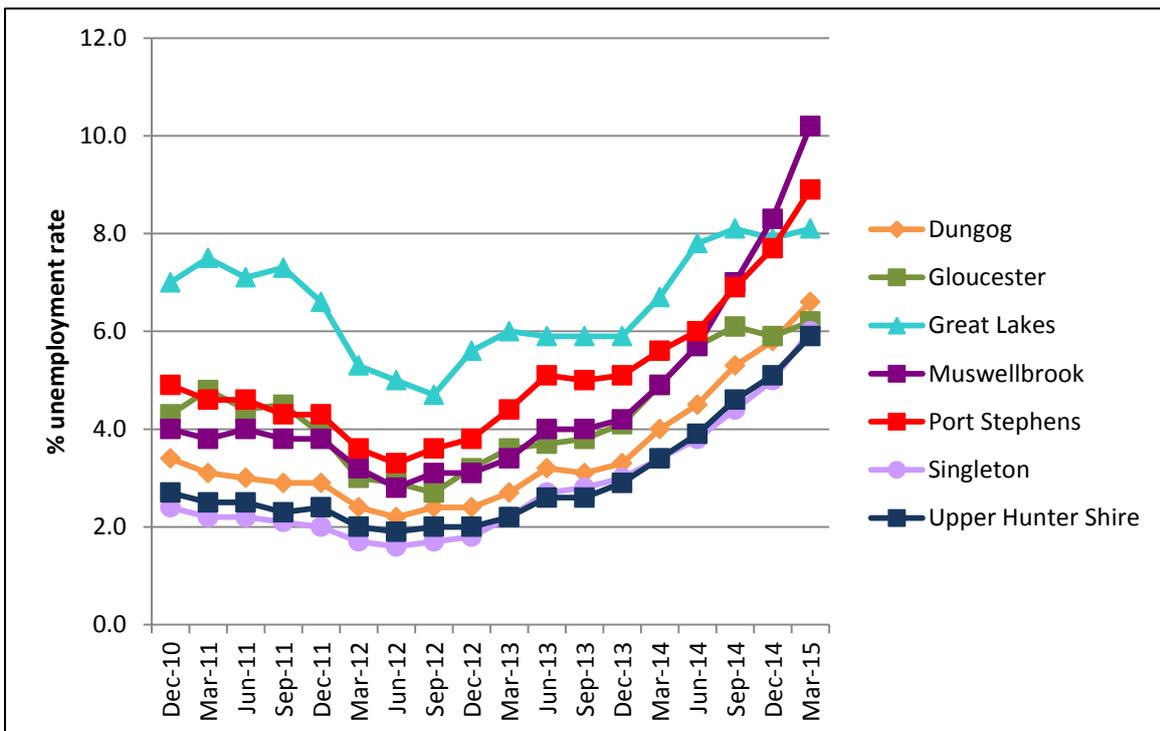
<sup>31</sup> Labour market challenges and opportunities in the Cessnock Local Government Area – Mr. Ivan Neville, Department of Employment, November 2014

**Figure 10: Hunter Valley cities unemployment as at March 2015, Dept. of Employment**



Similarly, Muswellbrook Shire’s recent unemployment spike shown in Figure 11 can be attributed to its high exposure to mining. 500 miners lost their jobs at the end of 2014 after Anglo American’s Drayton mine expansion plans were rejected by two independent planning assessment commissions<sup>32</sup>.

**Figure 11: Hunter Valley Shires unemployment as at March 2015, Dept. of Employment**



<sup>32</sup> Hundreds lose jobs as Muswellbrook rocked by coal mine decision. The Australian, 1 November 2014 online edition.

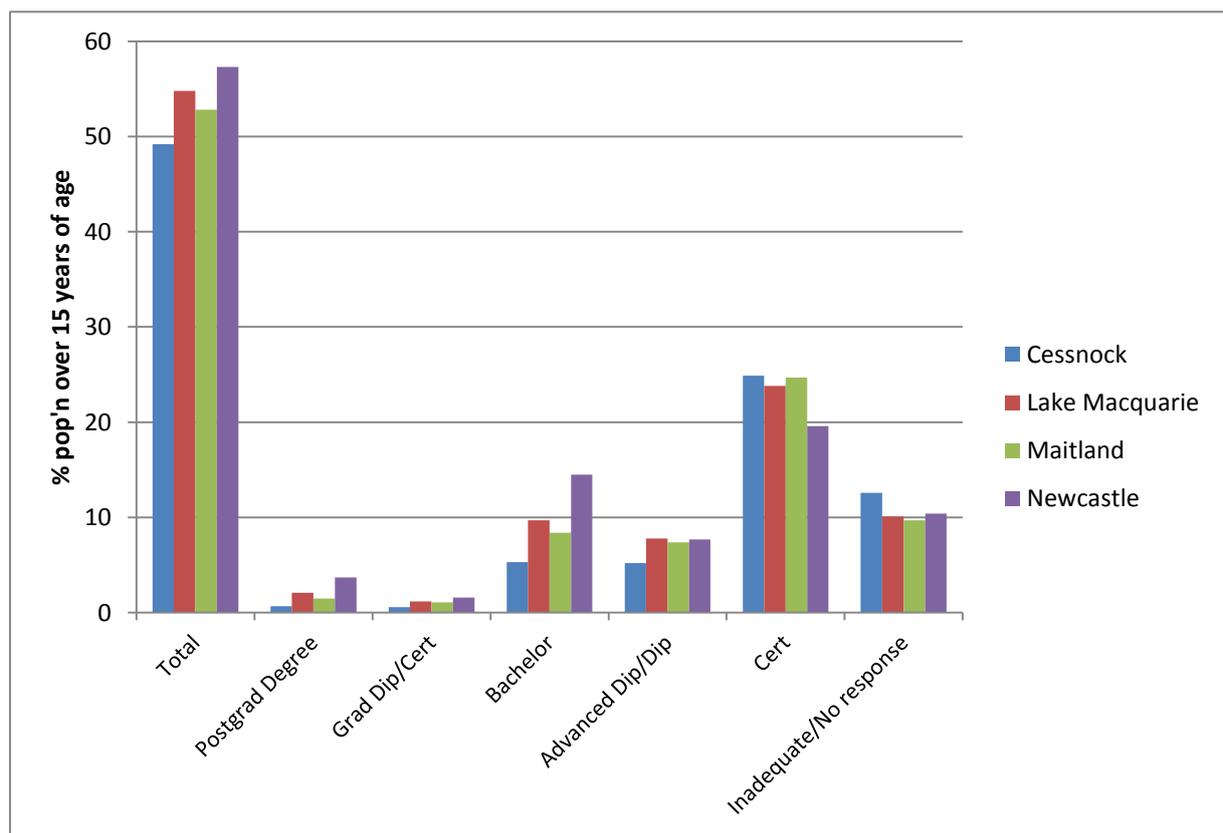
There is a paucity of current, granular data at an LGA level and unemployment rates segmented by age are unavailable. However, conclusions can be drawn from what is known about average vs youth unemployment rates, i.e., youth unemployment is generally higher than the average rates. It is reasonable to assume youth unemployment rates across Hunter Valley LGAs are at least equal to those at the SA4 region, and possibly higher in Cessnock and Muswellbrook.

20% of 18-24 year olds in the Cessnock LGA are neither working nor studying, the figures for females is 24% and there is a clear link between this and the high numbers of jobless families (21%).

## EDUCATIONAL ATTAINMENT

Low educational attainment is a causal factor in youth unemployment. The following datasets shown in Figure 12 and Figure 13 help to illustrate how this feeds into the Hunter’s unemployment problem. It can be seen Cessnock LGA has the lowest percentage of people with post-school qualifications (49%), influenced by a particularly low tertiary education rate. Aside from the Newcastle LGA population which tracks in line with state averages, the number of people with post-school qualifications in the Hunter Region is generally lower than the NSW average (57%). However, the rate of people with Certificate-level qualifications is higher across the region – up to 26% in Singleton – when compared with the state average of 17%.

**Figure 12: Hunter Valley cities, persons with post-school qualifications – 2011 Census, ABS**



**Figure 13: Hunter Valley shires, persons with post-school qualifications – 2011 Census, ABS**

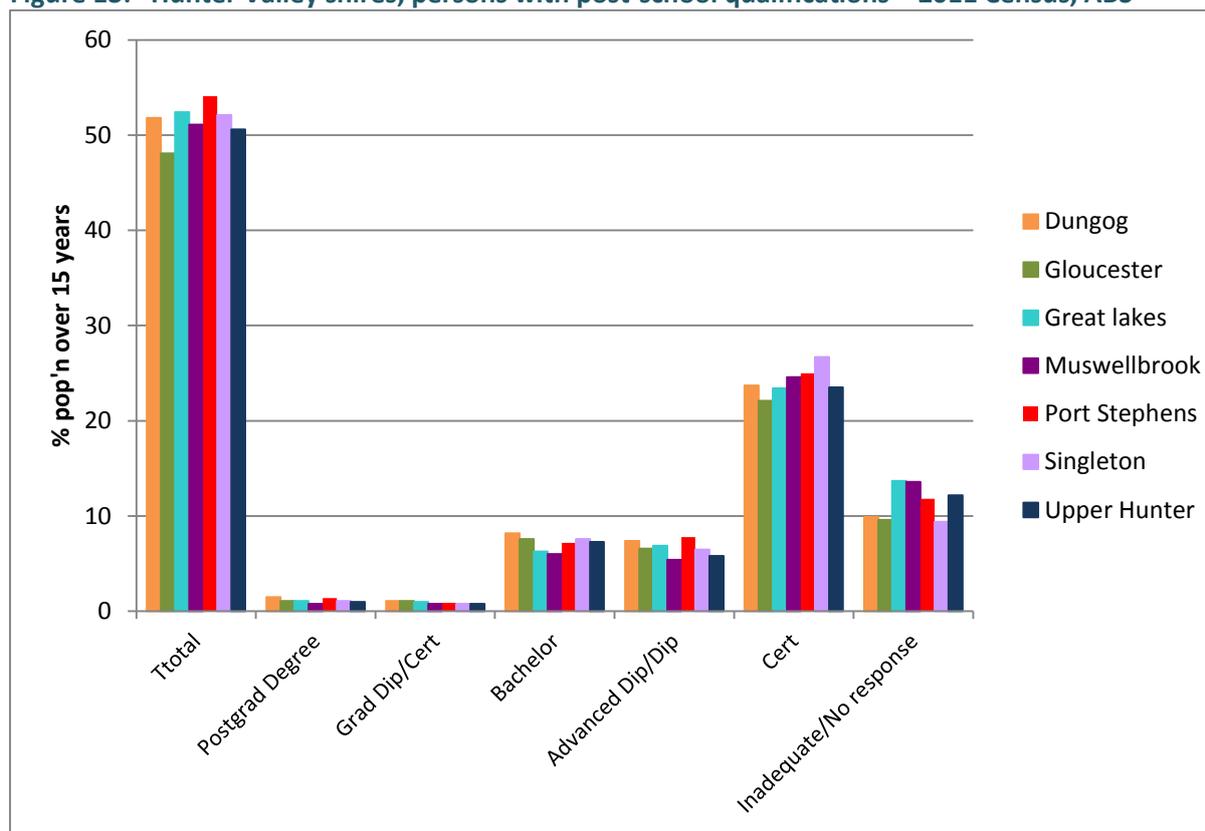


Table 4 and Table 5 below each show 2011 Census data related to the highest level of school completed for persons aged 15-24. Cessnock and Muswellbrook LGAs have the lowest proportion of people completing schooling to grade 12 (36%). Cessnock LGA has the highest proportion finishing at grade 10 (34%). Newcastle has the highest proportion completing schooling to grade 12 (67%) and the lowest proportion finishing at grade 10 (15%). At the state level, the grade 12 completion rate for NSW is 63%, while only 17% of persons aged 15-24 finish school at grade 10. Again, the data indicates Newcastle tracks in line with state averages while Cessnock rates significantly lower for educational attainment.

These figures support the SA4 demographic profiles discussed previously and demonstrate synergy between education and employment type - the respective blue and white collar skews of Hunter Valley and Newcastle & Lake Macquarie.

It would be prudent for any resources aimed at tackling youth unemployment be strategically directed as the data suggests the driving factors of youth unemployment are not uniformly experienced across the Hunter Region, with some LGAs having a demonstrably higher exposure to these key risk factors.

---

*Q When dealing with aspiration, there is no university in the Cessnock LGA, how do we establish education as the new normal pathway to employment, whether it is university or tertiary?*

---

**Table 4: Hunter Valley cities, highest year of school completed persons aged 15-24 – 2011 Census, ABS**

| Highest year of school completed persons aged 15-24 in Hunter Valley cities |          |      |                |      |          |      |           |      |
|---|----------|------|----------------|------|----------|------|-----------|------|
| Grade completed   | Cessnock |      | Lake Macquarie |      | Maitland |      | Newcastle |      |
|   | Number   | %    | Number         | %    | Number   | %    | Number    | %    |
| <b>Grade 12</b>   | 1,788    | 36%  | 8,737          | 51%  | 3,184    | 48%  | 11,877    | 67%  |
| <b>Grade 11</b>   | 604      | 12%  | 1,810          | 11%  | 702      | 11%  | 1,273     | 7%   |
| <b>Grade 10</b>   | 1,668    | 34%  | 4,574          | 27%  | 1,839    | 28%  | 2,714     | 15%  |
| <b>Grade 9</b>  | 347      | 7%   | 830            | 5%   | 351      | 5%   | 587       | 3%   |
| <b>Grade 8 or less</b>  | 93       | 2%   | 209            | 1%   | 72       | 1%   | 144       | 1%   |
| <b>Did not attend</b>   | 6        | 0%   | 11             | 0%   | 9        | 0%   | 21        | 0%   |
| <b>Did not answer</b>   | 413      | 9%   | 936            | 5%   | 446      | 7%   | 1,127     | 7%   |
| <b>Total</b>  | 4,919    | 100% | 17,107         | 100% | 6,603    | 100% | 17,743    | 100% |

**Table 5: Hunter Valley shires, highest year of school completed persons aged 15-24 – 2011 Census, ABS**

| Highest year of school completed persons aged 15-24 in Hunter Valley shires |        |      |            |      |             |      |              |      |               |      |           |      |              |      |
|---|--------|------|------------|------|-------------|------|--------------|------|---------------|------|-----------|------|--------------|------|
| Grade completed   | Dungog |      | Gloucester |      | Great Lakes |      | Muswellbrook |      | Port Stephens |      | Singleton |      | Upper Hunter |      |
|   | Number | %    | Number     | %    | Number      | %    | Number       | %    | Number        | %    | Number    | %    | Number       | %    |
| <b>Grade 12</b>   | 290    | 46%  | 108        | 39%  | 781         | 41%  | 595          | 36%  | 2,564         | 47%  | 1,035     | 43%  | 496          | 44%  |
| <b>Grade 11</b>   | 66     | 10%  | 36         | 13%  | 237         | 12%  | 193          | 12%  | 582           | 11%  | 309       | 13%  | 134          | 12%  |
| <b>Grade 10</b>   | 196    | 31%  | 102        | 37%  | 577         | 30%  | 513          | 31%  | 1,507         | 27%  | 765       | 32%  | 361          | 32%  |
| <b>Grade 9</b>  | 26     | 4%   | 18         | 7%   | 133         | 7%   | 96           | 6%   | 325           | 6%   | 102       | 4%   | 53           | 5%   |
| <b>Grade 8 or less</b>  | 8      | 1%   | 3          | 1%   | 37          | 2%   | 32           | 2%   | 70            | 1%   | 25        | 1%   | 13           | 1%   |
| <b>Did not attend</b>   | 0      | 0%   | 0          | 0%   | 6           | 0%   | 3            | 0%   | 9             | 0%   | 6         | 0%   | 3            | 0%   |
| <b>Did not answer</b>   | 48     | 8%   | 9          | 3%   | 149         | 8%   | 221          | 13%  | 415           | 8%   | 152       | 7%   | 65           | 6%   |
| <b>Total</b>  | 634    | 100% | 276        | 100% | 1,920       | 100% | 1,653        | 100% | 5,472         | 100% | 2,394     | 100% | 1,125        | 100% |

2011 Census, ABS

## SOCIO-ECONOMIC INDICIES FOR AREAS (SEIFA)

Following each Census, the Australian Bureau of Statistics produces SEIFA indices on an LGA basis. SEIFA broadly defines relative socioeconomic advantage/disadvantage in term of resident's access to material and social resources and their ability to participate in society.

There are four indexes:

1. **Index of Relative Socio-economic Disadvantage:** Is a general socio-economic index that summarises a range of information, such as low income, low educational attainment, unemployment, unskilled jobs, low levels of English proficiency, single parent families, rents etc.
2. **Index of Relative Socio-Economic Advantage and Disadvantage:** Summarises information about the economic and social conditions of people and households within an area.
3. **Index of Economic Resources:** focuses on the financial aspects of relative socio-economic advantage and disadvantage by summarising variables such as home ownership and household income related to income and wealth.
4. **Index of Education and Occupation:** Is designed to reflect the educational and occupational level of communities, showing either the level of qualification achieved or whether further education is being undertaken.

Comparison of indices – Hunter Valley LGAs:

1. **Index of Relative Socio-economic Disadvantage:** Cessnock and Great Lakes share the lowest score and ranking of all the Hunter LGA's indicating high levels of disadvantage. They are placed in the lower 21% of NSW LGA's in terms of disadvantage.
2. **Index of Relative Socio-Economic Advantage and Disadvantage:** Cessnock and the Great Lakes share the lowest score and ranking of all Hunter LGA's indicating they have higher levels of disadvantage and lower levels of advantage. They are placed in the bottom 20% of NSW in terms of advantage and disadvantage.
3. **Index of Economic Resources:** Cessnock rated 3rd lowest on par with Gloucester and placed in the bottom 35% in NSW. Interestingly, Singleton LGA, that adjoins Cessnock LGA, is rated as having the highest score in the Hunter Valley and therefore placed in the top 20% of NSW in terms of Economic resources.
4. **Index of Education and Occupation:** Cessnock has the lowest scores and ranking of all Hunter LGA's indicating many households with low education level and many people in unskilled occupations. Cessnock is placed in the bottom 4% of NSW in terms of Education and Occupation and ranks the second lowest of all LGA's in NSW in this Index.

## JOB VACANCIES

Internet Vacancy Index (IVI) records the number of job vacancies on Seek, CareerOne and Australian JobSearch. The August 2015 Vacancy Report showed the largest increase in vacancies by occupation nationally was:

- Medical Practitioners and Nurses
- ICT Professionals
- Office Managers, Administrators and Secretaries
- General-Inquiry Clerks, Call Centre Workers, and Receptionists

The largest decrease in vacancies was found in:

- Other Labourers
- Drivers and Storepersons
- Cleaners and Laundry Workers
- Automotive and Engineering Trades

An increased vacancy rate means demand for that type of employee is higher or growing, a decrease means vacancies are more easily filled and demand is lower.

Nationally, in vacancies by skill, Level 1 (Bachelor degree or higher) and Level 2 (Advanced Diploma or Diploma) increased, with Level 1 vacancies up 5.5%. Skill Level 3 (Certificate 3 or 4), Level 4 (Certificate 2 or 3), and Level 5 (Certificate 1 or secondary education) all decreased, with vacancies for Level 5 down 16% compared with 2014 demand.

In NSW, the IVI by skill level showed the highest increase was for Skill Level 2, up 9.2%, and the highest decrease was for Skill Level 5, down 10.5%.

At a regional level, the IVI for Newcastle and Hunter was down 7.8% compared with 2014 rates, meaning the job market has shrunk.

In order, the most advertised type of job was:

- General-Inquiry Clerks, Call Centre Workers, and Receptionists
- Sales Assistants and Salespersons
- Business, Finance and Human Resource Professionals
- Medical Practitioners and Nurses
- Carers and Aides

The least advertised type of job was:

- Farmers and Farm Managers
- Chief Executives, Managing Directors & Legislators
- Jewellers, Arts and Other Trades Workers
- Protective Service Workers
- Clerical and Office Support Workers, Couriers

Within Cessnock LGA there is high demand for skill level 1 and 2 employees (degree or advanced diploma), but very low supply. Conversely, there is very high supply of low skilled workers, and low demand. What this means is that the level of competition for low skilled jobs is very high, with employers having a high degree of choice of candidates. Candidates from a lower socio-economic background, who may lack some of the foundation skills, therefore find it very difficult to secure work. If you happen to be a candidate in skill level 1 or 2, the opposite is true, and you will potentially have the choice on what position you will take, dependant on the salary and benefits offered to you by employers.

## POSSIBLE SOLUTIONS

### DIVERSIFICATION

With the decline of traditional industries such as mining and manufacturing, the Hunter Region requires an integrated planning approach to ensure the population growth is matched with the creation of jobs relative to the skill and capability of the population.

By increasing the range and diversity of local industries, current skills may be transferable, new skills and training can emerge and new residents and industries may be attracted into the region. The region has abundant natural attributes which can support a diverse industrial base while its infrastructure provides easy access to domestic and international suppliers and customers.

Opportunities exist for those firms embracing innovation, new technologies and business processes. Industrial Ecology may be key to achieving a sustainable and ongoing manufacturing sector in Australia. Retailers are responding to these changes by becoming 'multi-channel' (i.e. on-line and retail outlets), vertically integrated-controlling the whole of the supply chain, adopting data base marketing, rationalising their 'store' presence and location/s by closing stores in under-performing centres and, becoming more technologically efficient. Therefore the demand for logistics, warehousing, freight and transport is an increasing commodity.

Innovation and creativity will be key drivers for the future of many of Australia's industries with a world-wide emphasis on working smarter and developing innovative products and services to be more competitive. Innovation and creativity can be found in the creative and cultural sectors, the embedded workforce (those people working in organisations in a creative capacity – e.g. wine makers in the wine industry, industrial designers in fabrication companies, research and development in manufacturing). A number of manufacturing businesses involved in research and development, with opportunity to build capacity across the manufacturing sector in innovation to establish niche markets.

Health Care and Social Assistance, Education and Training and Professional, Scientific and Technical Services and Accommodation and Food Services are key propulsive job creation sectors in Australia<sup>12</sup>. The number of jobs is expected to decline in Mining and Manufacturing.

---

*Q What can we do to embrace innovation and creativity within the Hunter region and diversify our economies?*

---

### INVESTMENT TO CREATE JOBS

#### *Quality attributes to attract business investment*

The Hunter Region is highly road accessible from the northern trading routes and south to Sydney. A number of regional roads and the Hunter Expressway link the M1 to the region. The New England Highway joins the Hunter Expressway, running north. Much of the Hunter Region is within 50 minutes' drive of Newcastle Airport which has regular passenger and air freight services to Sydney, Melbourne, Canberra, Brisbane and the Gold Coast.

There is an urgent need to diversify trade in ports such as Newcastle that depend largely on a single commodity. Should further pressures be placed on mining, the port is a critical piece of infrastructure that could be adapted to suit the dispersal and export of a range of manufactured goods from the Hunter Region. The commercial viability of such diversification could be investigated now that the asset is privatised.

The Hunter Region provides extensive opportunity for a range of industries to invest and source labour from within the region. There is opportunity within the Hunter Region to upskill, build capacity, increase self-sustainability and develop industries which sustain employment for the years beyond mineral depletion.

Research<sup>11</sup> supports that funding should be used for job creation where training is linked to jobs and a pathway to a permanent job is created.

### ***Need for public transport upgrades***

Public transport around the region includes a range of bus and passenger train services, with limitations mostly imposed within the regional and rural areas. The Hunter is mentioned in the NSW Long Term Transport Masterplan with objectives to continue to expand Strategic Bus Corridors to reflect demand and land use change. Connections between major centres in the Hunter region are proposed to be strengthened and timetables reviewed.

This does not support populations in growth areas that are not deemed major centres, retaining limited options for young people to pursue education within the major centres, as well as attain jobs across the Hunter Region where they would require transport to attend.

The plan also discusses greater passenger train rail services for commuters between Central Coast – Hunter and Sydney however it provides no context for strengthening rail corridors within the region to enable users equitable access to these services. Regardless, a daily commute to Sydney and Central Coast from anywhere within the Hunter Region would be considered too long range for the types of positions suitable for young people.

All current rail strategies align with the needs of the mining sector.

---

*Q What is required to address investment gaps in the Hunter Region?*

*Q How can we maximise local return on investment on infrastructure and job creation with investment?*

*Q How do we create pathways to jobs through business-training partnerships?*

*Q What investment is required to upgrade public transport within the Hunter Region that passes suitable areas and operates to a timetable that offers young people training and career advantages?*

*Q How can we reduce rail dependence for mono industry and where communities are deprived of basic commuter services, fund such services?*

---

## **SKILLS AND EDUCATION**

### ***Transferable skills***

The need for diversification of industry also leads to a need for diversification of the labour force. There needs to be an emphasis on building a labour force with ‘transferable skills’ – that is, skills that can adapt to changes within the industry of employment as well as across diverse industries (recognition of opportunities horizontally across industries).

### **Targeting soft skills**

Programming to ensure young people are equipped with the required soft skills needs to be integrated into the education system from a higher school to tertiary level and continued throughout education in order to reinforce the skill sets for successful employment outcomes. Some of the soft skills that are required by successful applicants according to research include:

- Adaptability
- Team player
- People skills
- Customer service
- Self awareness
- Work ethic
- Time management

It is now a requirement of nationally recognised education and training that employability skills are included in course content<sup>12</sup>. These efforts need to be further embedded across the education system, indeed starting at infant and primary level and continuing into secondary.

### **Technical Expertise**

As a general, traditional industries are moving away from needing low skilled workers to workers with higher technical, design, IT and marketing skills. Research<sup>14</sup> supports that access to productive and rewarding jobs improves as the level of education increases.

### **Creating candidates for growth sectors**

Emphasis on attracting young people into training that is relative to targeted projected jobs growth sectors. Health Care and Social Assistance, Education and Training and Professional, Scientific and Technical Services and Accommodation and Food Services are set to provide the largest numbers of Australian jobs<sup>12</sup>.

#### **E.G. POSSIBLE GROWTH SECTOR FOR HUNTER REGION: HOSPITALITY A PROFESSION?**

A perpetual issue within the hospitality industry across Australia is the acceptance that hospitality is a profession and providing distinctness from general services. The Hunter Region could develop a distinct opportunity by advancing hospitality towards international standards of culinary aptitude. Complimentary to existing food and wine economies, the attractiveness of a hospitality based career could be enhanced with esteemed tertiary education linkages and legitimate career opportunities. This would require lobbying for changes to award systems and service benchmarking by industry. This is consistent with jobs growth predicted in this sector.

### **Training with Job-Readiness**

Youth programs that combine training with job readiness programming and job search assistance have shown to improve employment and earnings prospects for participants<sup>14</sup>. Work placements and on the job experience are more beneficial for employment outcomes than group work projects to a student's aptitude and experience valued by employers<sup>12</sup>. 13% of employers in the Survey of Employers' Recruitment Experiences<sup>10</sup> thought some work experience helps a young person to gain an understanding of what is expected in the workplace, to build practical skills and to demonstrate commitment to a job and employer.

The Survey of Employers' Recruitment Experiences<sup>10</sup> provided young people did not always tailor their application for the position for which they were applying and greater care needed to be taken with regard to

producing professional resumes without spelling and grammar issues. It also found that young people who personally followed up with potential employers had greater employment prospects.

### **Presentation**

The Survey of Employers' Recruitment Experiences<sup>10</sup> provided 11% of employers felt young people should have greater emphasis on personal presentation which would improve their employment prospects.

### **Gain all employees an education**

According to the Department of Employment<sup>12</sup>, young workers are generally employed in entry level positions which do not usually require post school qualifications. 40% of workers in Hunter Valley and 38% of workers in Newcastle and Lake Macquarie currently do not have post school qualifications. This determines that potentially, young people are competing for similar jobs as 40% and 38% of the current working population.

Withstanding the current working population's working experience and development of their understanding of expectations in the workforce; it would be hard for young people to compete for the same jobs open to these two cohorts which do not require post school qualifications. Should the working population without qualifications be enticed to enter training, and the training accept core competencies and former experience as credit, they could complete post school qualifications during undertaking work; opportunities are then created for career advancement into higher level positions. This leaves a greater number of entry level positions vacant for young people to enter the workforce.

---

*Q How can we instil renewed focus on transferable skills, emotional intelligence, soft skills and work acumen?*

*Q How can we provide best practice technical training and education opportunities?*

*Q How can we maximise career opportunities from underdeveloped sectors e.g. Hospitality*

*Q How do we create candidates for growth sectors?*

*Q What actions would need to be taken to incorporate job readiness and job search into training programs?*

*Q How do we re-educate the current workforce to encourage obtaining post school qualifications?*

---

## **PROGRAMMING**

### **Mentoring**

Create opportunities for young people to learn from a mentor in business who can make a connection, practice communication, share stories and provide insight into the expectations of the workforce. This person can support the development of emotional intelligence based competencies and provide self-discipline opportunities for the young person. The Department of Employment<sup>33</sup> states job seekers who approach employers directly have greater opportunities to gain employment.

### **Enhancing opportunities for Engagement**

According to The Department of Employment's Skills Shortage Research<sup>9</sup> skilled vacancies go unfilled because preferred applicants are unwilling to relocate. This aligns with the available employment data that 96% of

---

<sup>33</sup> Department of Employment. "Labour Market challenges and opportunities in the Cessnock local government area" 17 Nov 2014

young workers within the Hunter Region currently also live within the Hunter Region. Anecdotally, the region does not generally experience the population leakages for young cohorts that occur within most regional or rural areas across Australia. ERP population grids also support that youth currently stay within the region.

Should suitable career progression be founded locally within the Hunter Region, and access provided to appropriate tertiary channels intra-regionally disengagement from work and study may also be less likely to occur.

### ***Bridging the school-career gap***

At 2011 census, disengagement from work and study was high in the Hunter region. For instance, within Cessnock LGA 16% males between 18-24 and 24% females 18-24 were disengaged from work and study. Incentives and opportunities to engage in work or study need to be enhanced in order to ensure disengaged young people do not transcend into the jobless families.

According to Labour Market Research from the Department of Employment<sup>33</sup>, employment outcomes are vastly better for those who have attained higher level tertiary certificates (Level 3, 4) than for those who have not completed Year 12 or preliminary level certifications (Level 1,2). Evidence<sup>14</sup> also supports quality vocational education pathways can support youth engagement at risk of dropping out, ensures smooth transitions from school to work and improves graduation rates. Retaining engagement levels for young people at risk is vital to supporting their transition into employment.

The school-career pathway is a critical decision period for young people<sup>14</sup>. Wise educational decisions lead to ongoing employment options. Targeted support to making upright educational decisions and high quality career guidance, particularly in socioeconomically disadvantaged areas is vital to ensuring long term employment post study.

### ***Support for graduates***

According to The Department of Employment's Skills Shortage Research<sup>9</sup> bachelor degree employment outcomes are at the lowest level ever recorded in 2014, with only 68.1% of graduates finding full time employment within 4 months. If these statistics increase, by 2018/19 78,000 graduates will still be searching for employment after four months. There is opportunity to engage directly with graduating students prior to their leaving the education system as well as means to attract students to career paths in sectors experiencing skills shortages. Integration of work experience into bachelor degrees may also increase employability of graduates.

### ***Second chances***

Education programs targeting school leavers such as "Youth Connections" have formerly been axed by the Federal government for fear of generating high school drop outs. Unfortunately this does not take into account the individual circumstances of why students may require programs and how the high school system may not provide solutions to all potential students. Research<sup>11</sup> has shown classroom training has mixed outcomes on employment prospects. With the Hunter Region's educational attainment providing the majority of LGAs have greater certificate level post school qualifications, than higher level education the most appropriate mechanism for ensuring young people reach the workforce may be early school leaving into programs to fast track towards an apprenticeship or traineeship. Evidence<sup>14</sup> also supports apprenticeships or a combination of class based and work based learning systems to help smooth a transition for a young person from school to work. This creates candidates of greater value to employers as they have acquired appropriate work skills.

### **Opportunities for disability**

With around 10% of people receiving Disability Support Pensions having their eligibility revoked<sup>8</sup>; the number of young people under 35 seeking suitable employment for their circumstances has increased. Creating or adapting workplaces to accommodate the increasing number of young people with a disability seeking work could reduce the published unemployment rate.

### **Opportunities with substance**

With research<sup>14</sup> providing job quality has inference on the long term propensity for young people's employment, it is important that jobs provided to young people provide progression into meaningful careers. Poor quality jobs must have pathways that lead to greater opportunities as temporary jobs can have adverse outcomes for the longer term employment of young people.

### **High Risk Targeting**

The most disadvantaged youth at risk of unemployment and disengagement have shown to benefit from residential programming such as demonstrated by the Job Corps program from USA<sup>14</sup>. This type of targeted programming looks at education, work experience and mentoring by location most at risk. Youth participate through this program on threat of benefit sanctions, employers must be involved, and subsidies for employers also increase success.

---

*Q How can we engage directly with business people that will lead to work opportunities, including workplace enhancement and job creation suitable for disabled and meaningful employment with career progression opportunities?*

---

## **WHAT WORKS**

### **Job Provider Services**

Research<sup>11</sup> provides that job search counselling and verification can increase employment for participants, and wage subsidy schemes for recruiting unemployed persons can improve prospects long-term. It also supports that in order to improve pathways to permanent employment, substantial improvement of skills needs to occur. Existing models are good ways of assisting disadvantaged unemployed.

Job Services Australia (now Jobactive) and Disability Employment Services (DES) are the 2 major job programs which service the majority of the unemployed people who are on government benefits. Both these programs are very focussed on performance, and relatively short term (6 month) outcomes, as this is how they are paid. Many participants cycle through these programs, as the support drops off after 6 months, or subsidies run out, jobseekers find themselves again to be without a job and need to go back to their provider.

---

*Q How can we retain and increase service levels of proven programming?*

*Q Increase an innovative and adaptive workforce across all sectors and raise the proportion of professional and technical skills within the local community?*

*Q Increase number of apprenticeships and traineeships?*

*Q Break the cycle of generational unemployment?*

---

## Transition to Work Program

As announced in the 2015-2016 Commonwealth Budget, the Government is establishing a new service to assist young people aged 15-21 years who are not in employment or education. The new Transition to Work service to provide more intensive support than is available through existing employment services to help young people develop the attitudes and behaviours sought by employers.

The programme will have a strong focus on practical interventions and work experience to build a young person's skills, confidence and readiness to engage in employment. This program aligns with many of the possible solutions afore mentioned, yet the Hunter Region needs comprehensive targeting to realise outcomes for high youth unemployment.

The performance goals for this program are aimed at achieving levels of job placement 25% higher than those achieved in Jobactive, within a maximum service window of 12 months. Providers will receive financial incentives to achieve outcomes rates over and above this level.

---

*Q With the generational problems and structural issues within the local labour market, where we already have an over-supply of low skilled workers, how can we make this program work, and increase supply of lower skilled roles to support these providers to move young people into employment?*

---

## CONCLUSION

Youth unemployment is a major issue nationally and locally. For the Hunter Region, outside of Newcastle, youth unemployment has risen to 20.6%, the highest in NSW for an SA4 region and ranked 4<sup>th</sup> highest for youth unemployment in Australia. This equates to more than one in five young people in the Hunter unable to find a job.

Since 2008, the national unemployment rate has increased from 4% to above 6%, with youth unemployment rising from around 8.8% to reach 13.8% at July 2015, a total of 1.8 million Australian aged 15-24 years unemployed. The NSW State of youth unemployed is at a rate of 12.7%. NSW is 2<sup>nd</sup> highest for long term youth unemployment numbers behind Tasmania. The Hunter Valley is also the highest overall rate in the country at 11.3%.

Not only does unemployment affect youth, but there underutilisation rate is a significant 30.9% for youth compared with only 14.6% for the total population. Nationally there are 1.8 million Australians aged 15-24 years unemployed,

Youth unemployment is a serious issue with long term ramifications for future employability and lifelong earning potential, as well as poorer physical and mental health outcomes. Extended periods of unemployment during youth, is directed correlated with higher likelihood of entering the justice system, low social mobility, substance abuse, anti-social behaviour and disengagement from work and training. Further, high youth unemployment will have ongoing ramifications for Australia's economy, impacting earning potential of a whole generation, their taxable contributions and their career progression opportunities.

Drivers of youth unemployment include industry drivers with mono-industries such as mining, decline of traditional industries such as manufacturing, which has not just led to unemployment but generations of whole families being unemployed. During periods of economic downturn when unemployment soars, young people are affected more seriously than other age groups.

There is a major lack of foundation employability skills amongst locals in the Hunter Region, soft skills, employability skills and diminishment of personality traits commonly considered essential such as attitude, reliability, presentation and work ethic.

40% of SA4 – Hunter Valley workforce lack any post school qualifications with 38% lacking at Newcastle and Lake Macquarie SA4.

Policy changes around welfare and disability support payments are expected to increase unemployment and particularly youth unemployment numbers. Other drivers include poor quality and temporary jobs where young people are often employed, with businesses deferring commitment to long term employment.

With the mining downturn, 2,500 miners have lost their jobs in the past two years, with more reported to come. This has caused a domino effect on supply chains to the mining industry that has significantly impacted further job losses across the Hunter region.

## **POSSIBLE SOLUTIONS**

Achieve jobs growth through diversification of industry and business investment attraction. Focus on improving, upgrading and provision of public transport. Building a labour force with transferable skills and ensuring young people are equipped with soft and employability skills as well as job readiness. Key focus will need to be on attracting and not forcing young people into training.

Mentoring has long proved to be successful and increasing engagement combined with innovative and creative solutions are critical to achieving more sustainable outcomes.