

Youth in Australia worse off than their parents

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Compared to their parents at a similar age, young people in Australia today confront higher unemployment, larger debts, more insecure work and soaring housing costs. This is the picture presented in the “Renewing Australia’s Promise” report released last month by the Foundation for Young Australians (FYA).

The report’s compilation of data from government and academic papers and an FYA survey demonstrates that the generation of young people currently aged 18–29 years will become the first in Australia, at least since World War II, to have a lower standard of living than their parents.

While median weekly earnings for young people have risen by 6.8 percent, after adjusting for inflation, since 1985, the FYA report reveals that the cost of housing has far outstripped any apparent rise in wages. In the mid-1980s, house prices were 3.2 times average income. Today they are 6.5 times, with most working-class youth priced out of owning a home.

With a near six-fold increase in the price index of established houses since 1985, young people who are able to try to buy a home have to set aside 80 percent more of their disposable income for interest payments on home loans than their parents did.

Rental accommodation costs have also soared, forcing more youth to continue living with their parents. According to the Australian Bureau of Statistics (ABS), the rental price index, which is calculated as part of the Consumer Price Index, has increased by 58.1 percent since 2003.

The FYA survey found that just 22 percent, or about one in five, 18–29 year-olds think their standard of living will be better than their parents.

The job prospects for youth today are among the worst on record. According to the FYA, young people

are three-and-a-half times more likely to be unemployed than their parents and three times more likely to work in part-time or casual jobs. In 1985, 16 percent were employed in part-time work. Today that figure stands at 44 percent. Combined rates for unemployment and under-employment (those unable to find sufficient work) among youth is now almost 30 percent, compared to under 20 percent in 1985. On average, young people currently remain unemployed for five months.

These figures provide only a partial idea of the real levels of youth unemployment, particularly in working-class suburbs and rural areas.

A Brotherhood of St Lawrence report released in February this year, citing January ABS figures, revealed that the official youth unemployment rate was at Depression-era levels in some areas. The highest rates were recorded at 21 percent in west and northwest Tasmania, followed by Cairns (20.5 percent) in northern Queensland and the northern suburbs of Adelaide (19.7 percent). These figures understate jobless levels because they count a person doing one hour of work a week as employed.

According to recent ABS figures, overall national youth unemployment in October 2014 was 13.8 percent, the highest in 16 years. At the same time the participation rate has remained at a record low of around 66.5 percent since last December. What this indicates is that more young people have given up looking for work under conditions of the decreasing availability of full-time employment.

The youth unemployment crisis is forcing many young people to participate in unpaid “work trials” in a desperate attempt to gain employment “experience” and possibly paid employment in the future. Young workers are also used against older workers, who are

being pressured to take lower wages or risk losing their job.

Although youth today are 1.6 times more likely to complete secondary school and 1.4 times more likely to have a degree, more than one-fifth will not use their degree in their job. On average, they will graduate from university with a student debt of almost \$24,000, compared with nearly \$8,000 in 1991. Labor and Liberal-National governments have increased student fees every year since the Hawke Labor government introduced the Higher Education Loan Scheme (HECS) in 1989. This year, fees ranged from \$6,000 to over \$10,000 a year and are set to rise even further if the Abbott Coalition government pushes through the deregulation of student fees.

Increasing university fees and the rising cost of rent, study supplies and basic day-to-day necessities, are forcing thousands of students into low-paid, menial work. According to a July 2013 ABS report, more than half of students aged 15-24 years were working in 2012, with 56 percent depending on this work as their primary source of income. The report revealed that the median wage of students was only \$331 a week. According to benchmarks drawn up by the Melbourne Institute of Applied Economic and Social Research, the poverty line for a single person including housing costs is \$509.53.

While the FYA report and the official ABS figures reveal the bleak situation facing thousands of youth throughout Australia, these conditions will worsen in the coming period. The Abbott government's May budget, which deepens the social assault began by the previous Labor government, specifically targets unemployed youth.

If the budget measures finally pass the Senate, pay levels for the "Youth Allowance" and "Newstart" unemployment payments will be frozen for three years and the age of qualification for "Newstart" payments increased from 22 to 25 years. Both are well below the poverty line. "Newstart" recipients receive \$515.60 a fortnight, while those on "Youth Allowance" receive just \$414.40. All those under 30 who cannot find work or who lose their job face being forced to wait for six months before receiving any payments and then must comply with work-for-the-dole schemes in order to qualify for their payments.

These measures are driven by the demands of the

corporate elites, who are determined to make workers and youth pay for the escalating global financial crisis. The fact that the young people today face social conditions far worse than their parents is another damning indictment of the capitalist profit system.



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