

Reducing education and economic inequality.

## OUTCOME 1

Reduced current and emerging skills and capabilities gaps to improve life and work readiness.

## OUTCOME 2

Increased economic inclusion, resilience and workforce adaptability.

To access in-depth information about the other outcome in the Education & Employment Impact Area, visit [lmcf.org.au/our-impact/education-employment](https://lmcf.org.au/our-impact/education-employment)

## Challenge

### **Entrenched poverty and disadvantage is geographically concentrated.**

Despite almost three decades of uninterrupted economic growth, Australia and Greater Melbourne have pockets of entrenched socio-economic disadvantage.

Research commissioned by Jesuit Social Services and Catholic Social Services shows that entrenched poverty and disadvantage is geographically concentrated. In Victoria, 27 postcodes (4 per cent of total) account for 28.2 per cent of the highest ranked positions across 22 indicators of disadvantage, including high rates of unemployment and low education.<sup>1</sup> Areas with the highest poverty rates tended to cluster in the outer suburbs of Greater Melbourne, while the areas with the lowest levels of poverty are primarily clustered in and around the City of Melbourne.<sup>2</sup>

There is a causal effect between where someone grows up and their career and potential income - place matters most in the teenage years.<sup>3</sup> Across Greater Melbourne there is a correlation between skill level and relative advantage; lower-skill workers live in more disadvantaged suburbs.<sup>4</sup>

### **The rapidly changing nature of work is impacting economic security.**

Australia's low headline unemployment rate of less than 6 per cent masks the growing and persistent issues of unemployment and underemployment. The rise of the on-demand workforce or 'gig economy' is leading to more precarious employment, sometimes low-quality employment conditions and some erosion of worker rights. Stagnant wages and escalating living costs are making life more financially insecure for many people in Australia.

A 2015 Centre for Economic Development (CEDA) report concluded that technology has driven a large shift in the skill composition of the labour market towards high-skill jobs with an accompanying reduction in the share of middle-skill jobs. The low-skill job share decreased slightly.<sup>5</sup> This polarisation has contributed to an increase in earnings inequality since 1990.<sup>6</sup> One-third of the jobs created in Australia over the past 25 years have been less secure temporary, part-time or a form of self-employment.<sup>7</sup> Data from the Australian Bureau of Statistics (ABS) for total persons in

the labour force in Greater Melbourne shows a 3 per cent reduction in full-time employment and a 2.5 per cent rise in part-time employment.<sup>8</sup>

### *Young People and Unemployment*

Young people are particularly affected by the rapidly changing nature of work. Youth unemployment is at or beyond crisis levels in some communities. One in three young Australians are unemployed or underemployed.<sup>9</sup> More than 264,000 young people aged 15 to 24 are currently unemployed across the country, accounting for more than a third (36 per cent) of unemployed people in Australia.<sup>10</sup> Approximately one in every sixteen people aged 15 to 19 and one in every eight people aged 20 to 24 are not in Education, Employment or Training (NEET).<sup>11</sup>

Young people are far more likely to experience unemployment in some regions than others. The Brotherhood of St Laurence has identified youth unemployment in each state or territory with Melbourne's west topping the Victorian list with a rate of 15.5 per cent.<sup>12</sup>

Young people are likely to be disproportionately hurt by the process of job automation. Young people often get their first jobs in fields like retail, administration, and labouring. These fields are highly exposed to the impact of technology. Economists have forecast that jobs such as checkout operators, receptionists, personal assistants and fast food workers will either be lost or radically changed by technology. Between 2010 and 2015, nearly 60 per cent of young Australian students enrolled in fields of study that will be highly affected by automation.<sup>13</sup> Young people from non-English speaking backgrounds, Aboriginal and Torres Strait Islander people, young people with a disability or those living in remote areas are particularly at risk of changes in the workforce.

### *Ageism and unemployment*

The transition away from a manufacturing economy towards a service and knowledge driven economy has also had a profound impact on older Australians. Nearly three times as many lower-skilled mature-age people are not in the labour force compared to those with higher-level skills.<sup>14</sup> Mature-age jobseekers now make up 28 per cent of the Jobactive caseload.<sup>15</sup>

More specifically, unskilled workers, especially men, have left the labour force en masse. Over the past 25 years, nearly one in ten unskilled men lost their jobs and did not return to the labour force.<sup>16</sup> Today, more than one in four unskilled men aged 15 to 64 do not participate.<sup>17</sup>

In addition to these structural workforce changes, age discrimination is widespread, pushing many older Australians out of work early. One in four Australians aged 50 years or over perceived some form of ageism in work during 2013 and 2014 and levels are highest in occupations dominated by women.<sup>18</sup> In 2013, 38,000 mature-age people outside the labour force had stopped looking for work because of ageism.<sup>19</sup>

# EDUCATION & EMPLOYMENT



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A growing group of older women are also facing financial insecurity and the risk of homelessness.<sup>20</sup> This occurs because women usually hold lower levels of superannuation than men when they retire and sometimes have a history of lower paid, casual or part-time work, coupled with unpaid caring roles, leaving many older women less financially resilient.<sup>21</sup>

## Our Response

The localised nature of complex social and economic inequalities in Melbourne means that Lord Mayor's Charitable Foundation takes a targeted and focused place-based approach to impact. The Foundation focuses on supporting the most vulnerable members of the community, who often face multiple barriers to economic inclusion. It is also important that we focus on the evidence-base for what works in employment and training pathways for young and older people, especially women.

Due to the rapidly changing nature of current and emerging issues, the Foundation sees an opportunity to deepen its understanding on how its Impact Areas intersect. Lord Mayor's Charitable Foundation is particularly interested in discovering the economic opportunities presented by emerging transition industries and economies, particularly through micro-financing, social enterprise, social procurement and other economically-inclusive models.

### The Foundation's support is focused on:

- **Training pathways and job creation, including social enterprises.**
- **New models and systems that enable greater economic inclusion and resilience.**
- **Community collaborations focused on innovation, entrepreneurship and emerging industries.**
- **Research to better understand the issues and inform policy and advocacy that address the root causes and drivers of economic inequality.**

**The Foundation will consider other activities that address this outcome.**

## Contact

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## Endnotes

<sup>1</sup> <https://dote.org.au/>

<sup>2</sup> <https://vcoss.org.au/wp-content/uploads/2018/11/Every-suburb-Every-town-Poverty-in-Victoria-VCOSS.pdf>

<sup>3</sup> <https://www.rse.anu.edu.au/media/2326614/Deutscher-Paper-2018.pdf>

<sup>4</sup> <https://www.theaustralian.com.au/business/property/housing-nations-changing-skill-needs/news-story/017a2b3792bbfad607ccdf551f934572>

<sup>5</sup> [https://ceda.com.au/CEDA/media/General/Publication/PDFs/CEDA-How-unequal-Insights-on-inequality-April-2018-FINAL\\_WEB.pdf](https://ceda.com.au/CEDA/media/General/Publication/PDFs/CEDA-How-unequal-Insights-on-inequality-April-2018-FINAL_WEB.pdf)

<sup>6</sup> Ibid.

<sup>7</sup> <http://www.fya.org.au/wp-content/uploads/2015/08/fya-future-of-work-report-final-lr.pdf>

<sup>8</sup> <https://profile.id.com.au/australia/employment-status?WebID=260&EndYear=2006&DataType=UR>

<sup>9</sup> <http://www.fya.org.au/wp-content/uploads/2015/08/fya-future-of-work-report-final-lr.pdf>

<sup>10</sup> [http://library.bsl.org.au/jspui/bitstream/1/10573/1/BSL\\_Unfair\\_Australia\\_Mapping\\_youth\\_unemployment\\_hotspots\\_Mar2018.pdf](http://library.bsl.org.au/jspui/bitstream/1/10573/1/BSL_Unfair_Australia_Mapping_youth_unemployment_hotspots_Mar2018.pdf)

<sup>11</sup> [https://www.csi.edu.au/media/uploads/MGF\\_Background\\_report\\_Final\\_Cc3YmM2.pdf](https://www.csi.edu.au/media/uploads/MGF_Background_report_Final_Cc3YmM2.pdf)

<sup>12</sup> Ibid.

<sup>13</sup> <http://www.fya.org.au/wp-content/uploads/2015/08/fya-future-of-work-report-final-lr.pdf>

<sup>14</sup> <https://docs.education.gov.au/system/files/doc/other/issues-in-labour-force-participation-2014.pdf>

<sup>15</sup> <https://www.anglicare.asn.au/home/2018/10/23/employment-services-are-failing-older-australians>

<sup>16</sup> <http://www.fya.org.au/wp-content/uploads/2015/08/fya-future-of-work-report-final-lr.pdf>

<sup>17</sup> Ibid.

<sup>18</sup> [http://library.bsl.org.au/jspui/bitstream/1/7904/1/Ageism\\_and\\_employment\\_infographic\\_Oct2015.pdf](http://library.bsl.org.au/jspui/bitstream/1/7904/1/Ageism_and_employment_infographic_Oct2015.pdf)

<sup>19</sup> Ibid.

<sup>20</sup> The future face of poverty is female - stories behind Australian women's superannuation poverty in retirement, Riach K et al, Monash University & Australian Super, 2018

<sup>21</sup> Ibid.