

12 November 2009

Media release

Change in unemployment rate only the tip of the iceberg

Today's slight jump in the official unemployment rate to 5.8 per cent is just the tip of the iceberg, with the true figure likely to be around 12 per cent, according to The Australia Institute.

"In addition to the 670,100 people considered as unemployed, at least another 820,300 people who make up the hidden unemployed should be counted to get the true underlying figure," said Senior Research Fellow David Richardson.

"The bulk of these people would be unemployed according to the common sense meaning of the word. And just as the official numbers have increased with the global financial crisis, we can be sure there have been increases in the number of hidden unemployed," said Mr Richardson.

If the hidden unemployed are added back to the official figures then the underlying unemployment rate rises from 5.8 per cent to 12.1 per cent overall.

"The official estimate of unemployment is a serious understatement of the social hardship caused by the present economic downturn," said Mr Richardson.

The problem of hidden unemployment affects women in particular. For women, the underlying unemployment rate increases from 5.6 per cent to 14.1 per cent when the hidden unemployed are added. For men, unemployment increases from 6.0 per cent to 10.3 per cent.

The Australia Institute has argued the level of income support offered to the unemployed, who have experienced the brunt of the economic downturn, to be inadequate. Unemployment benefits should be increased by \$107.90 a week for singles and \$95.00 for couples to bring their payments in line with the age and disability pensions.

"Newstart Allowance has been steadily declining relative to average incomes and the age pension for some time. This widening gap between the unemployed and the rest of society needs to be tackled," concluded Mr Richardson.

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Notes for editors:

Using the latest available figures from 2008, there were 820,300 people who did not have a job, wanted to work but were not included in the unemployment figures. The ABS said they had 'marginal attachment to the labour force' but were excluded from the official unemployment figures because they did not meet the strict definition 'unemployed'. Either

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they had not been actively looking for work in the previous month (750,000 people) or, if they were looking; they were not available to start work within the week (70,200 people).