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True unemployment rate update

Today's increase in the official unemployment rate to 5.7 per cent is the biggest jump since July 1991, during the "recession we had to have".

However the number of Australians out of work is actually significantly more than the official figure, according to The Australia Institute.

An analysis of new Australian Bureau of Statistics data by The Australia Institute reveals that in September 2008 there were 780,900 people who did not have a job, wanted to work but were not included in the unemployment figures.

Taking account of these 'hidden unemployed' brings Australia's real rate of unemployment to 11.7 per cent, much higher than the official rate of 5.7 per cent.

'For every person officially recorded as unemployed there are some 1.2 people, the hidden unemployed, who would also like to work and are available to start,' commented David Richardson, Senior Research Fellow at The Australia Institute.

'Combining the official unemployment rate with the hidden unemployment rate gives a more accurate picture of the number of jobless in Australia.

'With the global financial crisis causing further deterioration in the job market and a surge in welfare claimants forecast as a result, it is time for the Government to address the inadequate benefits available to the unemployed.'

The Australia Institute recommends that unemployment benefits be increased by $56 a week for singles and $64 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 at some point. The current economic crisis and the May Budget provide the obvious opportunity,' concluded Mr Richardson.