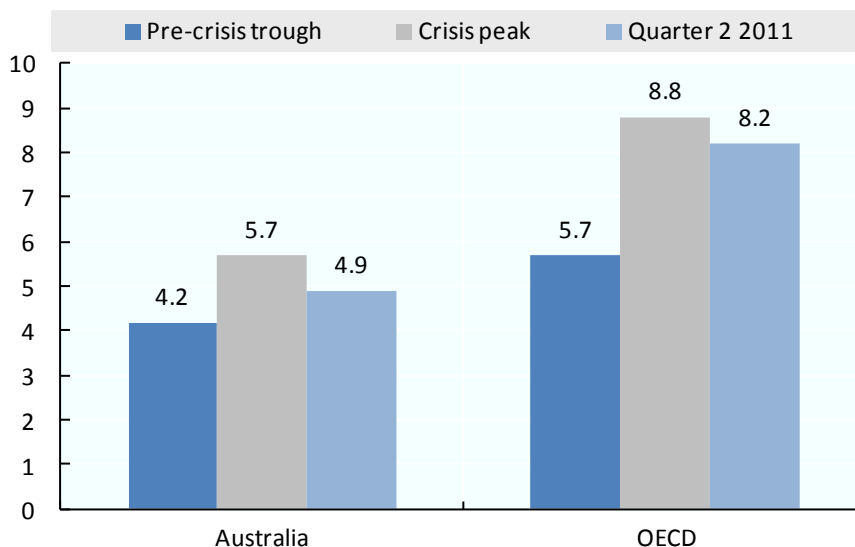




## Employment Outlook 2011 – How does AUSTRALIA compare?

**Despite a small rise in the unemployment rate to 5.3% in August, Australia’s labour market is still outperforming most other OECD countries.** The OECD unemployment rate increased to 8.8% at the peak of the crisis in late 2009. While the unemployment rate has fallen somewhat since then, it is still at 8.2%, substantially higher than the pre-crisis rate of 5.7% at the start of 2008. Of particular concern in many countries is the sharp increase in long-term unemployment. Long-term unemployment increased steadily in Australia between late 2008 and early 2011, but is still low compared with other OECD countries and compared with the levels reached in the first half of the 2000s. Currently, just under one in five unemployed people in Australia have been unemployed for 12 months or more, compared with more than one third for the OECD as a whole.

**Unemployment rate (percentage of the labour force)**

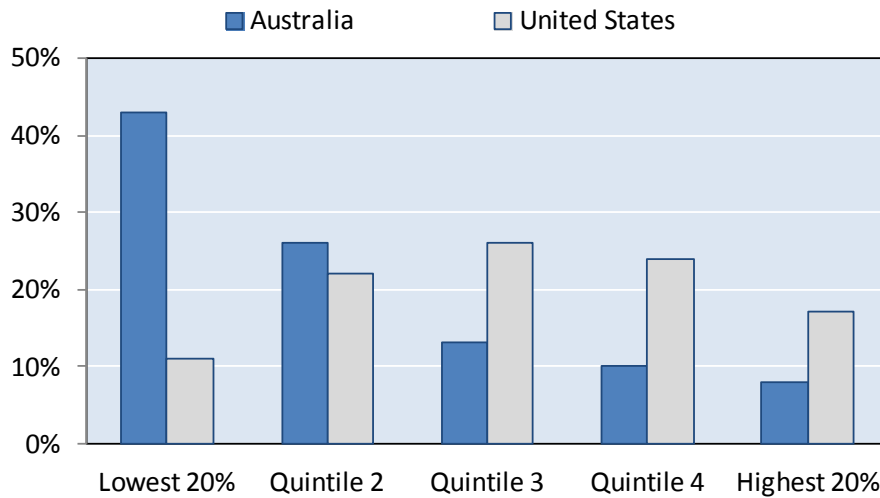


Note: Data are harmonised to ensure comparability across countries. Pre-crisis trough is Quarter 3, 2008 for Australia and Quarter 1, 2008 for OECD. Crisis peak is Quarter 2, 2009 for Australia and Quarter 4, 2009 for OECD.

Source: OECD Labour Force database.

**Australia’s unemployment benefit system is strongly targeted to help the poorest households, who are most at risk of adverse consequences following job loss.** New analysis in the *OECD Employment Outlook 2011* shows that in contrast to countries with unemployment insurance systems, such as the United States, Australia’s means-tested income support payments for the unemployed – such as *Newstart* and *Youth Allowance* – provide for a more uniform treatment of all unemployed persons while targeting benefits to those who need them most. The figure below shows that 47% of unemployment benefits were paid to individuals in the poorest 20% of households in Australia, compared with 11% in the United States. The OECD’s analysis also shows that poor households are far more likely than richer households to suffer from financial stress and hardship – such as missing a mortgage or rent payment or being unable to meet unexpected expenses – after a large reduction in labour earnings.

### Distribution of total spending on unemployment benefits by household income quintiles, 2009



Source: 2011 *OECD Employment Outlook*, Table 1.2.

**Ensuring that workers are well-matched to available jobs is essential to make the most of investments in human capital and promote strong and inclusive growth.** New figures from *OECD Employment Outlook 2011* show that about 40% of Australian workers are over-qualified (they possess higher qualifications than those required by their job) and 25% are under-qualified (they possess lower qualifications than those required by their job). However, workers may be mismatched with their jobs in terms of their qualifications but not necessarily in terms of their skills. And, indeed, only a small portion of qualification mismatch is explained by the mismatch between *skills* possessed by workers and those required in the labour market. Nevertheless, qualification mismatch is not without costs for employers and society. Employers incur additional hiring costs to see through the qualification “mist” and may need to adapt job requirements to candidates’ skills. Moreover, over-qualification and over-skilling reduce job satisfaction and increase the likelihood of on-the-job search and these effects may reduce productivity. Finally, governments spend a significant percentage of GDP on education and any mis-investment that results in over-qualification represents a substantial cost to society even if good worker and job matches in terms of skills are ultimately achieved in the labour market.

**Governments, employers and workers all have an important role to play in reducing qualification mismatch.** High-quality career guidance counselling would ensure that students make informed choices. Over-qualification could also be tackled by raising the performance of struggling students to ensure that they graduate with the minimum competencies expected by employers of someone with their level of qualification. But skills accumulation does not end with initial education. Lifelong-learning is essential to ensure that new skills are acquired throughout one’s career and that skills are kept up to date, promoted by employer-provided on-the-job training, pathways back into the education system and cost-effective training for the unemployed.

*OECD Employment Outlook 2011* is available to journalists on the **password-protected** website or on request from the **Media Relations Division**. For further comment on Australia, journalists are invited to contact Mark Keese (tel: +33 1 45 24 87 94 or e-mail: [mark.keese@oecd.org](mailto:mark.keese@oecd.org)) or Danielle Venn (tel: +33 1 45 24 75 01 e-mail: [danielle.venn@oecd.org](mailto:danielle.venn@oecd.org)) from the OECD Employment Analysis and Policy Division. For further information: [www.oecd.org/els/employment/outlook](http://www.oecd.org/els/employment/outlook).