

BCEC

Bankwest Curtin Economics Centre

LABOUR MARKET UPDATE

Providing monthly updates and expert insights and analysis around key labour market indicators.

Professor Alan Duncan



Employment up but hours down

Trend employment rose across all states and territories in the month to January 2018, with the headline unemployment rate remaining unchanged at 5.5%. There are now 23,000 more employed people nationally compared with December 2017, taking total employment in Australia to around 12.5 million people. More people are participating in the labour market, with the labour force participation rate (LFPR) up 1 percentage point (ppt) over the last month - and more among women compared to men - up 1.2ppt and 0.6ppt respectively.

Monthly hours worked in Australia sat at 1.7 billion hours in January 2018, equivalent to 138.8 hours per worker, but the picture is very different for women and men. Average female monthly hours have remained relatively stable at around 120 hours. However, average monthly hours among male workers fell by 0.6 hours to 155.3 hours in January 2018 – the largest monthly fall since the GFC and continuing a longer term trend. Does this foreshadow a future labour market where fewer working hours for men are the norm?

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Women faring better than men (well almost) in the Australian labour market

The Australian labour market has had a positive start to 2018, with women typically faring better than men. In the 12 months to January 2018, female labour force participation has grown at a faster rate than men's. Full-time employment growth is also far stronger, increasing at double the pace of men's in the last 12 months - 5.4% compared to 2.5% in the year to January 2018. And unemployment rates are generally falling more rapidly for women than men.

But, it's not all roses. Female underemployment is still much higher than men's, and has deteriorated over the last year in almost all states and territories. Women want to work more, but are unable to. And one of the biggest [barriers](#) is child care. Will the reforms to [child care](#) that are set to come into play in July see this pattern shift, or do we need a much broader reform of the tax and transfer system to turn this around?

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Mixed labour market signals for WA

WA has one of the highest unemployment rates in the country but believe it or not its labour market has improved from both January 2017 and December 2017. In the year leading up to January 2018, the number of persons employed in WA grew by 2.7%, as did WA's LFPR, up by 1 ppt. These changes were also accompanied by a 0.4 ppt reduction in WA's unemployment rate over the last year, which has meant 3,500 fewer people are unemployed in the State.

But it is not picture-perfect. Employment growth has largely been driven by part-time work, up 5.3% on year-to-date measures, compared to a 1.5% increase in full time work. Hours of work have declined faster in WA than other states over this time-frame – down by 2.4%. And underemployment has risen for both men and women. These mixed signals point to a labour market that is relatively weak compared to national trends, but may just have enough positive signs for us to remain optimistic.

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Table 1: Employment changes - states and territories

The Australian labour market had a positive start to 2018. In the 12 months since January 2017, the total number of employed people grew by 3.3% reaching almost 12.5 million people in January 2018, with full-time employment growth stronger than part-time. However, of the additional 23,000 individuals that found employment between December 2017 and January 2018 the majority is in part-time work, which added 14,200 workers. Since December 2017, total employment across all states and territories' grew (with the exception of NT), yet with differing degrees, ranging from 1.5% in SA to 4.8% for the ACT. Qld experienced the second highest employment growth in the 12 months to January 2018 (4.7%), followed by NSW (3.6%).

Growth in full-time and part-time employment across states and territories reveals an interesting pattern. In NSW, SA and the ACT full-time employment was significantly higher than part-time growth between Jan 2017 and Jan 2018. But in WA and Tas, the picture is very different. Since January 2017, part-time employment in WA has risen by 5.3% whereas full-time employment growth recorded just 1.5%. The same pattern is evident in Tas with part-time employment growth (+5.8%) outpacing full-time (+0.9%). Vic has seen a more even share between full-time and part-time employment growth over the last year.

Figure 1: Year-to-date growth in labour force participation rates – states and territories

Since January 2017, the national labour force participation rate increased by around 1 ppt. Across genders, the LFPR for women increased more than men's - +1.2 ppt compared to +0.6 ppt. A similar pattern is observed across the majority of states and territories; with the exception of SA, ACT and NT. For these states, labour force participation has risen more for women than men. NT is the only state with negative growth in LFPR.

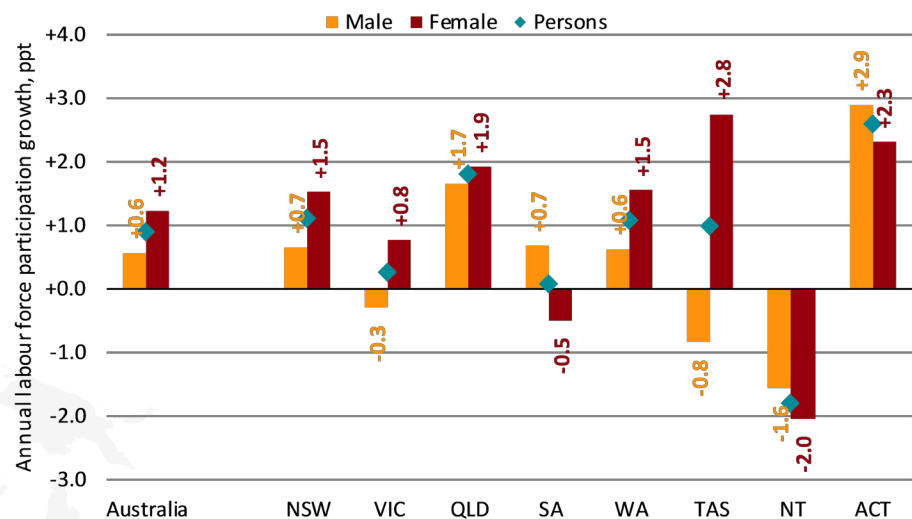
The highest growth in labour force participation was in the ACT (+2.6 ppt), and the lowest in the NT (-1.8 ppt). Among men, the highest growth in male LFPR was also in the ACT (+2.9 ppt) and Tas had the highest female LFPR growth, (+2.8 ppt).

Vic has seen relatively modest growth in female labour force participation in the 12 months to Jan 2018, +0.8ppt compared to 1.2ppt nationally. And labour force participation among men has fallen by 0.3ppts.

	Employed Persons ('000)	Change from:				Change from Dec-2017 ('000)		Change (%) from Jan-2017	
	Jan 2018	Dec-2017 ('000)	Rank	Jan-2017(%)	Rank	Full-Time	Part-time	Full-Time	Part-time
Australia	12,446.6	▲ +23.0	---	▲ +3.3%	---	+8.8	+14.2	▲ +3.6%	▲ +2.7%
NSW	3,943.5	▲ +7.6	1	▲ +3.6%	3	+0.9	+6.8	▲ +4.6%	▲ +1.4%
VIC	3,245.9	▲ +4.4	2	▲ +2.9%	4	+2.2	+2.1	▲ +3.1%	▲ +2.3%
QLD	2,469.1	▲ +3.7	3	▲ +4.7%	2	+5.7	-2.0	▲ +4.6%	▲ +4.8%
SA	830.5	▲ +1.0	5	▲ +1.5%	7	+0.8	+0.3	▲ +2.2%	▲ +0.1%
WA	1,339.1	▲ +1.5	4	▲ +2.7%	5	-2.1	+3.6	▲ +1.5%	▼ +5.3%
TAS	246.2	▲ +0.2	8	▲ +2.7%	5	-0.1	+0.3	▲ +0.9%	▲ +5.8%
NT	136.1	▲ +0.3	7	▼ -3.1%	8	+0.1	+0.3	▲ -4.0%	▲ +0.5%
ACT	230.8	▲ +0.8	6	▲ +4.8%	1	+0.7	+0.1	▼ +5.9%	▲ +2.0%

Source: BANKWEST CURTIN ECONOMICS CENTRE | AUSTRALIAN BUREAU OF STATISTICS Cat No 6202.0

Notes: Trend values are used. Numbers may not sum to totals due to rounding.



Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Notes: Trend values are used. Figures show growth from January 2017 to January 2018.

Table 2: Unemployment changes – states and territories

Nationally, the unemployment rate showed almost no change since December 2017, sitting around 5.5% in trend values, though seasonally adjusted figures suggest a small decrease of 0.1 ppts. In trend values, the unemployment rate decreased by 0.3 ppts from January 2017, which has meant 18,000 fewer unemployed people.

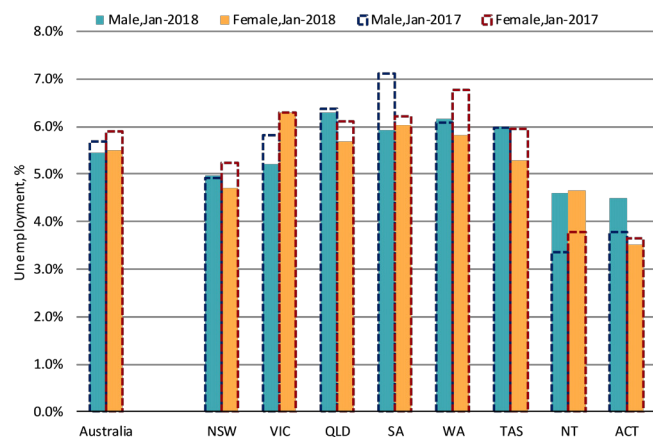
Currently 720,000 people are classified as unemployed, with an extra 2,600 people added to these ranks since December 2017. Compared to January 2017, all states have lower unemployment rates. However, the two territories have seen an increase in unemployment in the year leading up to January 2018, but both territories still retain the lowest and second lowest u/e rates among all jurisdictions. WA, Qld and SA currently record the highest u/e rates, at 6.0%, but these figures are much lower compared to 12 months ago – especially for SA.

	Unemployment Rate	Rank	Change (ppt) from:		Unemployed ('000)	Change ('000) from:	
			Dec-2017	Jan-2017		Dec-2017	Jan-2017
Australia	5.5%	1	0.0	▼ -0.3	720.2	▲ +2.6	▼ -18.0
NSW	4.8%	3	▲ +0.1	▼ -0.2	200.7	▲ +2.7	▼ -2.5
VIC	5.7%	5	0.0	▼ -0.3	196.8	▼ -1.0	▼ -5.7
QLD	6.0%	8	▲ +0.1	▼ -0.2	157.9	▲ +1.9	▲ +0.6
SA	6.0%	6	0.0	▼ -0.7	52.7	▲ +0.5	▼ -5.9
WA	6.0%	7	0.0	▼ -0.4	85.5	▼ -0.1	▼ -3.5
TAS	5.7%	4	▼ -0.1	▼ -0.3	14.8	▼ -0.3	▼ -0.4
NT	4.6%	2	0.0	▲ +1.1	6.6	0.0	▲ +1.4
ACT	4.0%	1	▲ +0.1	▲ +0.3	9.7	▲ +0.3	▲ +1.2

Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Notes: Trend values are used.

Figure 2: Unemployment rate by gender – states and territories

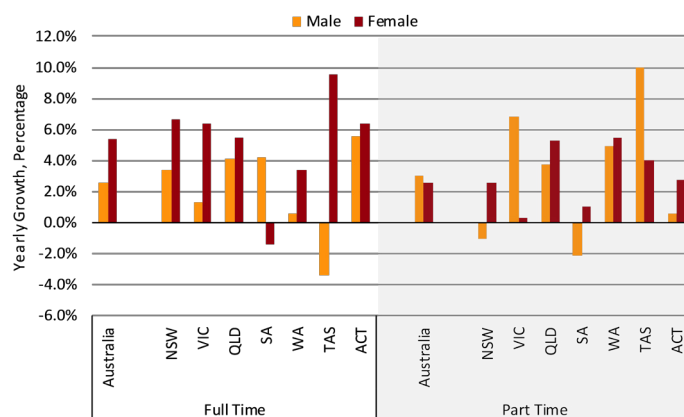


Source: BANKWEST CURTIN ECONOMICS CENTRE | AUSTRALIAN BUREAU OF STATISTICS Cat No 6202.0
Notes: Trend values are used.

In the 12 months to January 2018, the unemployment rate has decreased for both genders across Australia. Nationally, male and female u/e rates are now 5.4% and 5.5%, respectively. With the exception of NT & Vic, all states and territories have seen a decrease in female u/e between Jan 2017 and Jan 2018. Male u/e has remained relatively steady across Qld, NSW, WA and Tas, but fell substantially over the last 12 months in Vic and SA.

Qld has the highest male u/e rate (6.3%) and Vic the highest female u/e rate (6.29%), with virtually no change in the last year. And despite increasing by 0.71 ppts since Jan-2017, ACT's male unemployment rate is the lowest across states and territories at 4.5%.

Figure 3: Yearly growth in full-time and part-time employment



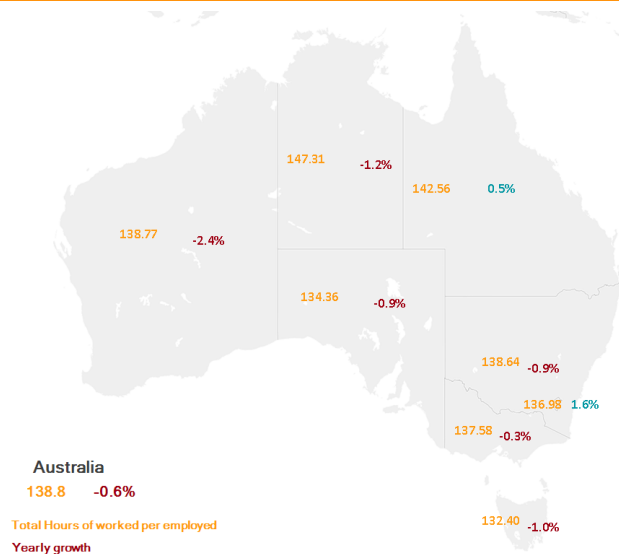
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0
Notes: Figures show growth from January 2017 to January 2018.

Full-time employment growth for women has increased at double the pace of men's in the last 12 months - 5.4% compared to 2.5% in the year to Jan 2018. Higher full-time employment growth among women is apparent across all states and territories with the exception of SA.

Tas recorded the highest year-to-year growth in female full-time employment, a whopping 9.5% increase, yet its male full-time employment shrunk by 3.4%. WA had the second lowest growth in male full-time employment with just a 0.5% increase.

Looking at growth in male part-time employment, Tas has the highest with a 10% increase. All other jurisdictions except NSW and SA saw an increase in part-time employment among men. Part-time employment for women increased in every state and territory relative to last year, but only marginally in Vic and SA.

Figure 4: Total hours worked per employed person – states and territories

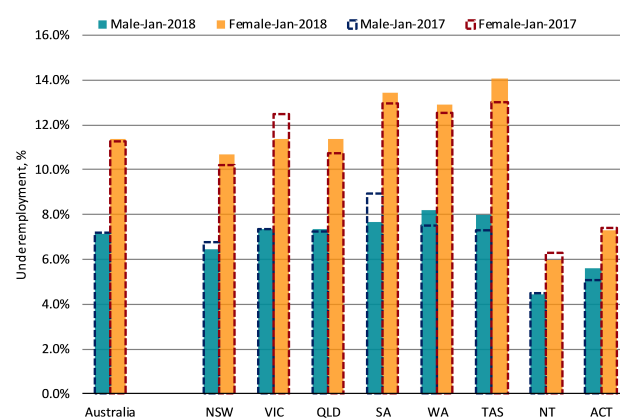


Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0
Notes: Figure shows average monthly hours worked per employee, along with the associated percentage change in monthly hours between January 2017 and January 2018. For states and territories, values are smoothed using 13-month rolling average. Percentages are rounded.

According to the latest national figures, employed Australians worked a total of around 1.7 billion hours in Jan 2018. This equates to an average of 138.8 hours per worker for the month of Jan 2018. Compared to Jan 2017, the total number of hours per worker decreased by 0.6%.

This decline is a dominant trend across almost all states and territories. The ACT and Qld are the only two regions with a slight increase in total average hours worked per employed person over the last 12 months. The greatest reduction in total monthly hours worked per employee was in WA, down 2.4% compared to 12 months earlier. Even with a reduction of 1.2%, the NT has the highest total hours worked per employee across all states and territories, 147.3 per month. The lowest hours are in Tas, averaging 132.4 this month.

Figure 5: Underemployment ratio by gender



Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0
Notes: Values are smoothed using 13-month rolling average. Underemployment ratio is the number of persons that worked part-time hours and wanted to work more hours as a proportion of the no. employed.

Compared to a year ago, underemployment has remained unchanged at a national level, but considerable variation exists across gender and states and territories. Men in NSW, SA and NT currently have lower underemployment ratios in comparison to 12 months earlier.

But in WA, Tas and ACT the opposite is true, with increases in male underemployment. WA also has the highest male underemployment rate at 8.2%. Women continue to experience higher underemployment than men, with this pattern deteriorating over the last year in almost all states and territories.

At 14.0%, female underemployment in Tasmania was highest across all states and territories, followed by SA (13.4%) and WA (8.2%). SA's male underemployment rate has improved, shrinking from a high of 8.9% in Jan 2017 to 7.6% in Jan 2018. The biggest reduction in female underemployment was in Vic, where underemployment shifted from 12.5% to 11.3% in the same period.



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