

BCEC

Bankwest Curtin Economics Centre

LABOUR MARKET UPDATE

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

Professor Alan Duncan



Australia is getting to work

The share of working age Australians who are employed or looking for work is on the rise in all states and territories other than NSW, with unemployment rates falling by at least 0.3 percentage points (ppt) in NSW, WA, Tas and NT over the year to July 2017. There are 26,000 more people employed nationally than a month ago. We're also seeing stronger growth in participation for women compared with men. Total monthly hours worked grew nationally by some 5.2 million hours in the month to July 2017 and by 30.3 million hours since the start of the year, largely due to an increase in full-time employment.

Even accounting for short term revisions to ABS' labour force measures, there does seem to be some real substance behind the positive labour market indicators we're now seeing.

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All roads lead to....full-time employment?

It's time to be even more optimistic than in previous Monthly Labour Market Updates, with unemployment reasonably stable, full-time employment continuing to grow and part-time employment growth easing. But there are still intrinsic problems within Australia's labour market that need to find solutions – the most persistent of them being underemployment. Nationally, there has been little change in underemployment among men and women since July 2016, with women still facing much higher underemployment than men. This spare capacity will continue to place downward pressure on wages growth, which has been underwhelming at best. Questions remain as to whether this is driven by the downward motion of the business cycle or whether there is something more structural at hand.

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Dr Yashar Tarverdi



WA's employment figures are on the road to recovery, but not yet balanced

There are signs of improvement in WA's labour market, with growth in full-time employment and a slight reduction in the unemployment rate. However, the market is not yet balanced, and we've seen high growth in the youth unemployment rate and in the underemployment ratio for both genders.

WA's unemployment rate sits at around 5.4%, an improvement when compared to last month and the same time last year, but there are still around 78,000 unemployed persons in the State. Underemployment continues to be problematic among the state's workers, and has continued to deteriorate for 4 consecutive months.

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Table 1: Employment Changes - states and territories

The latest ABS Australian labour force data release shows a continuing positive trend in Australian employment.

There are an additional 26,000 people employed in Australia compared to June 2017, taking the total Australian workforce to 12.2 million.

National employment rose by 2.2% in the year to July 2017. NSW, SA, ACT all recorded growth, but at a smaller rate. NT is the only region with shrinking employment, on both year-to-date and monthly measures. In the last month, NSW has added most to its labour force, around 10,000 more employed people. TAS has seen the highest annual growth in employment, at 4.0%, followed by VIC at 3.1%.

Since June 2017, the number of persons employed full-time has increased across all states and territories, excluding NT. Changes in part-time employment in the last month have been mostly negative, with only QLD and TAS showing an increase. On a yearly basis, full-time employment has grown faster than part-time employment - 2.6% and 1.2% respectively. Positive growth in full-time employment can be seen across all states, with WA and VIC leading the way. Part-time employment growth has mixed results, with QLD, VIC, TAS, NT And ACT all recording relatively strong growth, whereas NSW, SA and WA have seen a decline on year-to-date measures.

Figure 1: Growth in Labour Force Participation – states and territories

The labour force participation rate (LFPR), has shown stronger growth compared to other months, increasing by just under 0.5%. Growth is stronger among women (0.65%) than men (0.36%).

With the exception of NSW, LFPR growth has been positive across all states and territories, with Vic, Qld and Tas all recording growth of more than 1.0%. NSW has again seen a decline in LFPR – more so for women than men, on year-to-date measures.

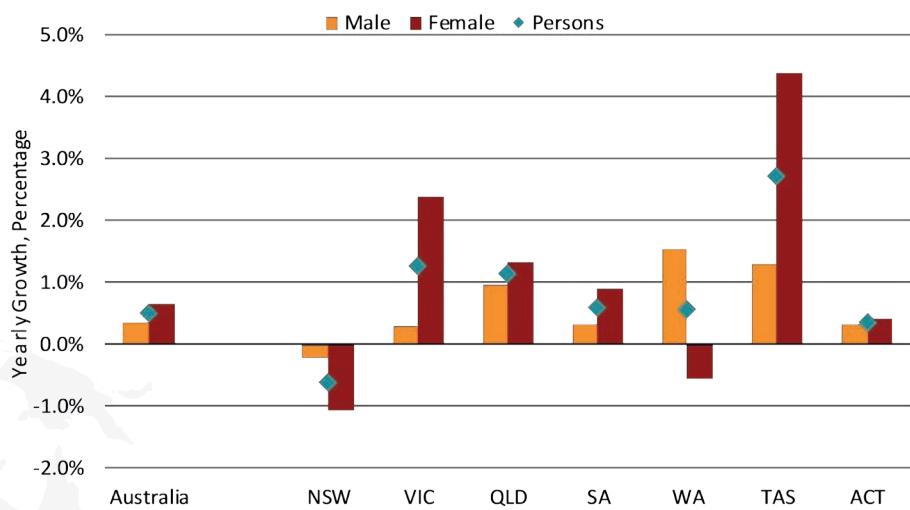
Growth in the LFPR of women has generally been greater than men, particularly in Vic and Tas. WA continues a trend of sizeable increases labour force participation among men, growing by 1.5% on year-to-date measures. However, female LFPR in the state continues to decline.

ACT is the only region that showed balanced growth in both female and male LFPR.

Employed Persons ('000)	Change from:			Change from Jun-2017 ('000)		Change (%) from Jul-2016			
	Jul 2017	Jun-2017 ('000)	Rank	Jul-2016(%)	Rank	Full-Time	Part-time	Full-Time	Part-time
Australia	12,196.9	▲ +26.0	---	▲ +2.2%	---	+28.6	-2.6	▲ +2.6%	▲ +1.2%
NSW	3,861.9	▲ +10.6	1	▲ +1.3%	6	+12.5	-2.0	▲ +2.8%	▼ -2.1%
VIC	3,146.6	▲ +5.6	3	▲ +3.1%	2	+8.1	-2.5	▲ +3.1%	▲ +3.1%
QLD	2,408.8	▲ +8.3	2	▲ +2.7%	3	+3.3	+5.0	▲ +1.1%	▲ +6.3%
SA	822.8	▲ +1.1	5	▲ +1.4%	5	+1.5	-0.4	▲ +2.4%	▼ -0.5%
WA	1,366.8	▲ +3.4	4	▲ +2.3%	4	+3.7	-0.3	▲ +4.8%	▼ -3.0%
TAS	246.1	▲ +0.8	6	▲ +4.0%	1	+0.6	+0.2	▲ +1.1%	▲ +9.4%
NT	133.8	▼ -1.6	8	▼ -0.5%	8	-1.1	-0.6	▼ -3.0%	▲ +9.9%
ACT	215.7	▲ +0.0	7	▲ +0.6%	7	+0.5	-0.5	▼ -0.4%	▲ +3.5%

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 July 2016 to July 2017.

Table 2: Unemployment Changes – states and territories

The national unemployment rate for July 2017 remained unchanged from last month on trend figures, but has increased slightly according to seasonally adjusted figures, reaching 5.6% and 5.7% respectively. As of July 2017, there are a total of 726,000 people unemployed in Australia, 5,300 more than in July 2016 and around 2,000 less than in June 2017.

NT continues to record the lowest unemployment rate at 3.2%, while SA has the highest at 6.6%. Tas and ACT's unemployment rates increased marginally since June 2017, while SA and WA's have reduced slightly. All other states have seen no change compared to June 2017.

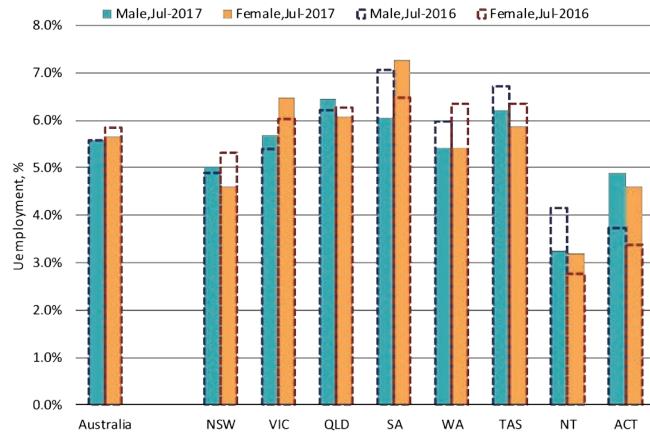
Vic, Qld and ACT are the only regions for which unemployment rates increased in the year to July 2017.

Unemployment Rate	Change (ppt) from:		Unemployed ('000)	Change ('000) from:			
	Jul 2017	Rank	Jun-2017	Jul-2016	Jul-2017	Jun-2017	Jul-2016
Australia	5.6%	--	0.0	▼ -0.1	726.0	▼ -1.8	▲ +5.3
NSW	4.8%	3	0.0	▼ -0.3	195.7	▲ +0.2	▼ -8.6
VIC	6.0%	5	0.0	▲ +0.4	202.4	▲ +0.6	▲ +18.3
QLD	6.3%	7	0.0	▲ +0.0	161.1	0.0	▲ +5.0
SA	6.6%	8	▼ -0.1	▼ -0.1	58.4	▼ -0.9	▼ -0.6
WA	5.4%	4	▼ -0.1	▼ -0.7	78.3	▼ -1.7	▼ -9.2
TAS	6.1%	6	▲ +0.1	▼ -0.5	15.8	▲ +0.2	▼ -0.7
NT	3.2%	1	0.0	▼ -0.3	4.4	▼ -0.1	▼ -0.5
ACT	4.8%	2	▲ +0.3	▲ +1.2	10.8	▲ +0.6	▲ +2.9

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



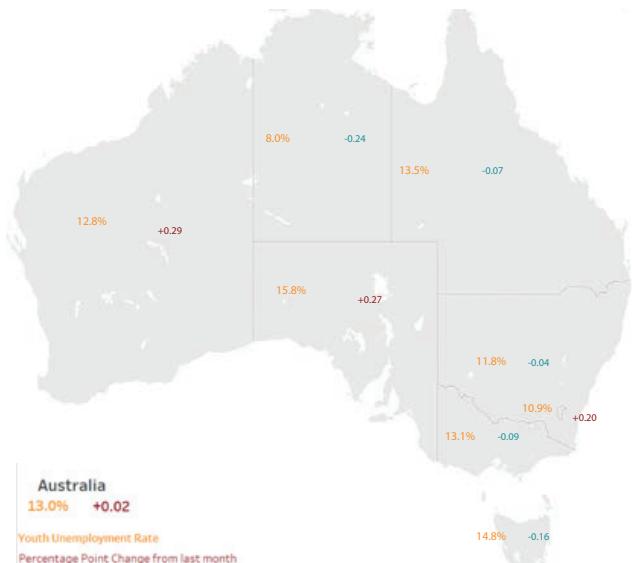
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau Of Statistics Cat No 6202.0

Notes: Trend values are used.

Since July 2016, the national unemployment rate for men has been steady at 5.6%. For women, the unemployment rate has seen a slight reduction from 5.8% to 5.6%. ACT and Vic are the only regions with increases in the unemployment rate for both genders, with ACT's increases being quite significant. WA and Tas have seen considerable improvement in the unemployment rate for both genders. While in the NT and SA the unemployment rate among men has improved, women in these regions have seen a noticeable deterioration.

At 7.3%, SA has the highest female unemployment rate across also states and territories, followed by Vic (6.5%). Qld has the highest male unemployment rate (6.4%) followed closely by Tas (6.2%).

Figure 4: Youth unemployment – states and territories



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

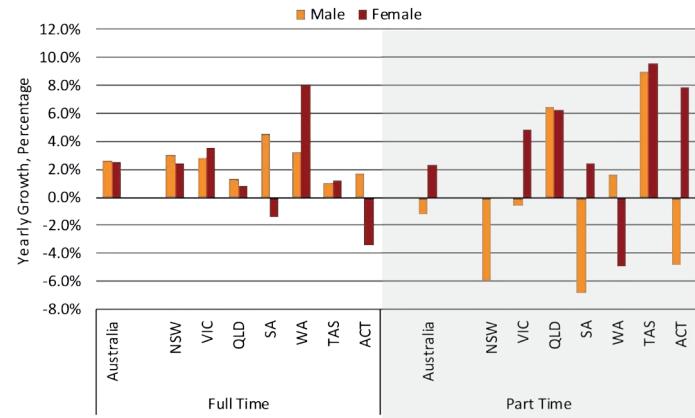
Notes: Figure shows unemployment rate for 15-24 years olds. For states and territories, values are smoothed using 13-month rolling average. Percentages are rounded.

Youth unemployment has increased marginally by 0.02 percentage points, hitting a national youth unemployment rate of 13.0%. All regions except ACT, SA and WA have recorded a reduction in the youth unemployment rate.

SA has the highest youth unemployment rate at 15.8%. NT reports the lowest rate across states and territories, with 8.0% of youth unemployed. The highest change in youth unemployment was in WA with a 0.29 percentage point increase to 12.8%. NSW has the smallest change with a 0.04 percentage point decrease to 11.8%.

The BCEC Monthly Labour Market Update is based on estimates from the ABS monthly labour force survey. These estimates are subject to sampling variability.

Figure 3: Yearly growth in full-time and part-time Employment by gender



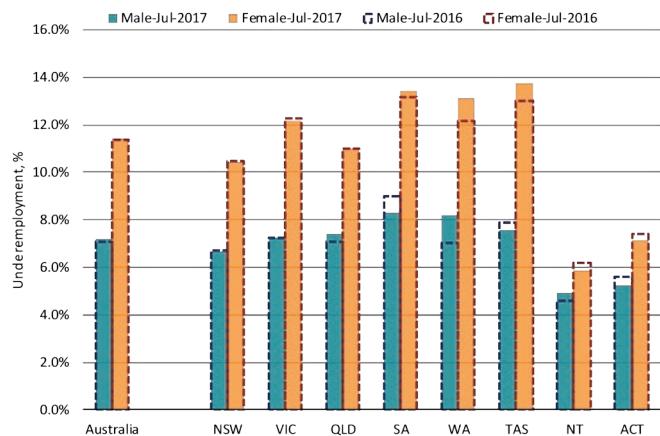
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Notes: Trend values are used. Figures show growth from July 2016 to July 2017.

On latest data, there has been growth in both male and female full-time employment at the national level on year-to-date measures of above 2.0%. Male full-time employment has increased across all states and territories, with SA seeing the strongest growth (4.5%). ACT and SA recorded negative growth in full-time employment among women, while other states and territories have shown positive growth in the past year.

SA recorded the largest drop in male part-time employment, with a 6.9% decrease. NSW came in second with around a 6.0% reduction in male part-time employment. Tasmania and Qld are the only two states to record growth in both male and female part-time employment.

Figure 5: Underemployment ratio by gender - states and territories



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.

Nationally, there has been little change in underemployment among men and women since July 2016, with women still facing much higher underemployment than men.

SA has seen the largest drop in the male underemployment ratio, falling from 9.0% to 8.3% on year-to-date measures, but still remains the highest among states and territories. For WA and NT male underemployment increased across the same period.

Both Tas and WA have seen an increase in female underemployment, reaching 13.7% and 13.1% respectively. The two territories have seen female underemployment decrease in the year to July 2017.



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