

BCEC

Bankwest Curtin Economics Centre

LABOUR MARKET UPDATE

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

Professor Alan Duncan



WA economy lifts but labour market still lagging

While the WA economy continues to lift on a number of key economic indicators, the WA labour market remains on shaky ground. Our most recent [Quarterly Economic Commentary](#) has shown that while the State is on a more positive growth trajectory than in the past with output rising modestly, the bellwether construction sector remains on shaky ground and this is reflected in the State's labour market.

Over the last year, full-time employment has shrunk, unemployment has risen by 0.7ppts, and part-time work is dominating employment growth in the West. Labour participation is on the rise however, signalling that there is an increased optimism in job offerings. But as Yashar Tarverdi points out, the jobs market may well be struggling to deliver on this increased participation.

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Women continue to dominate Australian labour market growth

Women have continued to dominate employment growth in 2018, with female labour force participation growing at 9 times the rate of men's and full-time employment growth more than double the rate across most states and territories.

As shown in our recent report on the [Future of Work](#), strong growth in female-dominated sectors, primarily health and education is one of the primary drivers behind these patterns, with the number of carers and aides increasing by around 170,000 workers over the last ten years and health professionals increasing by more 150,000 – the vast majority women. Labour force underutilisation (unemployment and underemployment) still remains problematic and while wages in the female-dominated sectors have also seen the strongest growth in recent times, many of the jobs within these sectors are low paying.

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Dr Yashar Tarverdi



WA's jobs market struggles to keep up with an increase in labour participation

In May 2018, WA recorded the highest unemployment rate across all states and territories, at 6.4% (trend). In the year since May 2017, the number of people unemployed in WA has gone up by more than 12,000 persons, with a total of 91,000 West Australians now seeking employment. The general trend in the unemployment rate remains the same since April 2018, yet the size of the changes are smaller - a 0.1 ppt increase in the unemployment rate and 1,100 more unemployed people.

However, when taking a longer view, the total number of employed persons in WA has increased by a modest 1.5% since May 2017, mainly due to growth in part-time employment. And while the labour force participation rate in WA has increased by around 1% over the same period, the increase in the unemployment rate over this time reveals that the jobs market is struggling to keep up.

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Table 1: Employment changes - states and territories

Nationally, employment continues to grow, with just over 15,900 more people employed between April 2018 and May 2018. On a year-to-date measure, employment has increased by 2.6% since May 2017. Part-time employment growth has been higher than full-time employment growth over this period, 3.0% compared to 2.4%.

Since May 2017, the number of employed persons has increased in all the states and territories, with some regions reporting notable growth. NSW has experienced the highest annual growth at 3.6%, and the NT the lowest growing by only 0.5% since May 2017. Qld, with 2.9% growth, is the only other state, after NSW, with employment growth higher than national levels. Employment growth in WA, remains well below the national rate at just 1.5%.

In the year to May 2018, full-time and part-time employment had a somewhat similar rate of growth in Vic, Qld, SA and Tas. Within the same period, WA's part-time employment recorded the highest national growth (6.5%), while its full-time employment shrunk by 0.7%, making it the only region with negative growth in full-time employment in the period. Annual growth in NSW's part-time employment (4.7%) was also higher than full-time employment growth (3.0%). The NT and ACT are the only two regions to show a contraction in part-time employment growth.

Figure 1: Growth in labour force participation – states and territories

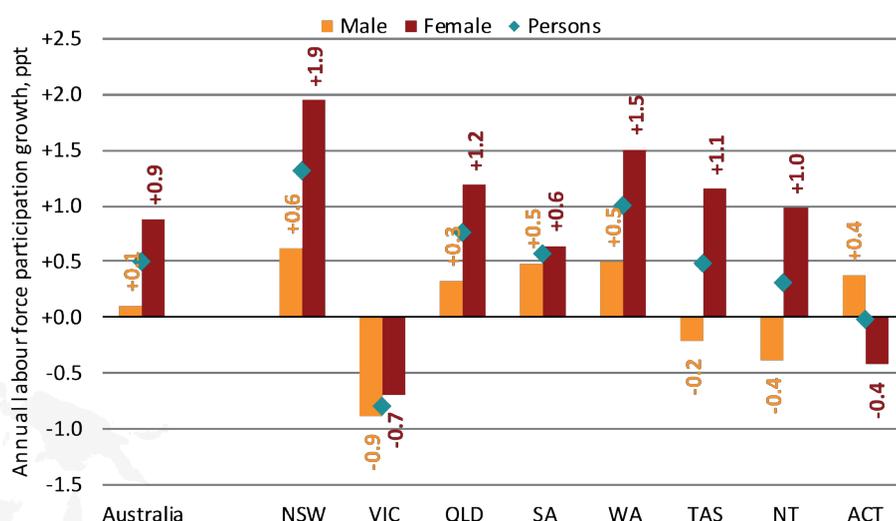
The national labour force participation rate (LFPR) increased by 0.5 ppt in the year to May 2018. Growth in the national female LFPR (+0.9 ppt) was 9 times more than the increase in male LFPR (+0.1 ppt). In NSW, Qld, WA, Tas and the NT, growth in the female LFPR was considerably higher than the male LFPR, while the ACT and Vic recorded a decline in the female LFPR. Vic is the only region to show negative growth in its LFPR for both genders. In Tasmania and NT growth in female labour force participation is positive but among men participation has declined.

Victoria has the greatest reduction in the LFPR with an overall reduction of 0.8 ppt and NSW has had the highest growth, +1.3 ppt. Across all states and territories, NSW's LFPR growth is the highest for both genders, +1.9 ppt for women and +0.6 ppt for men. In Tas and the NT, male participation fell whereas female LFPR grew. WA has the second highest annual growth in LFPR among both men and women, +1.5 ppt and +0.5ppt respectively.

	Employed Persons ('000)	Change from:				Change from Apr-2018 ('000)		Change (%) from May-2017	
		May 2018	Apr-2018 ('000)	Rank	May-2017(%)	Rank	Full-Time	Part-time	Full-Time
Australia	12,522.3	▲ +15.9	---	▲ +2.6%	---	+4.0	+11.9	▲ +2.4%	▲ +3.0%
NSW	3,991.5	▲ +9.1	1	▲ +3.6%	1	+3.8	+5.3	▲ +3.0%	▲ +4.7%
VIC	3,269.8	▲ +7.5	2	▲ +2.2%	4	+2.6	+4.9	▲ +2.1%	▲ +2.3%
QLD	2,476.1	▲ +1.5	4	▲ +2.9%	2	-3.5	+5.0	▲ +3.0%	▲ +2.7%
SA	842.6	▲ +1.1	5	▲ +2.4%	3	+0.2	+0.9	▲ +2.2%	▲ +2.6%
WA	1,341.2	▲ +2.5	3	▲ +1.5%	6	+2.7	-0.2	▼ -0.7%	▲ +6.5%
TAS	248.5	▼ -0.1	7	▲ +1.2%	7	+0.7	-0.8	▲ +1.6%	▲ +0.4%
NT	139.3	▲ +0.6	6	▲ +0.5%	8	+0.9	-0.2	▲ +1.8%	▼ -4.2%
ACT	227.1	▼ -0.5	8	▲ +2.2%	4	-0.6	+0.1	▲ +4.5%	▼ -3.7%

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 May 2017 to May 2018.

Table 2: Unemployment changes – states and territories

From the latest May 2018 data, Australia's unemployment rate stands at 5.5% (trend figures) and 5.4% in seasonally adjusted terms. Since April 2018, the national unemployment rate has shown no change, however it has reduced by 0.2 ppts when compared to the May 2017 figures. The total number of unemployed persons in Australia is just below 724,000 people, with 11,400 fewer u/e persons than in May 2017 and 1,500 fewer u/e persons compared to April 2018.

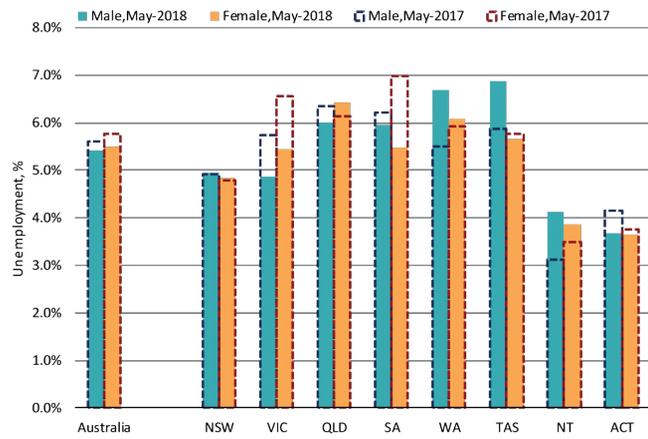
The ACT's u/e rate is the lowest among all states and territories (3.7%), representing a reduction of 0.3ppts since May 2017 and 0.2ppt from April 2018. At 6.4%, WA's u/e rate is the highest across the country, and has increased by 0.7 ppts since May 2017 and 0.1 ppts from April 2018. WA and Tasmania are the only two regions to have recorded an increase in their u/e rate since April this year. At the same time, the u/e rate in Vic, SA and the ACT has reduced by 0.1 ppt.

	Unemployment Rate		Change (ppt) from:		Unemployed ('000)		Change ('000) from:	
	May 2018	Rank	Apr-2018	May-2017	May-2018	Apr-2018	May-2017	
Australia	5.5%	--	■ 0.0	▼ -0.2	723.7	▼ -1.5	▼ -11.4	
NSW	4.9%	3	■ 0.0	▲ +0.0	205.3	▼ -0.4	▲ +8.6	
VIC	5.1%	4	▼ -0.1	▼ -1.0	177.4	▼ -2.9	▼ -31.1	
QLD	6.2%	6	■ 0.0	▼ -0.0	163.9	▲ +0.4	▲ +3.8	
SA	5.7%	5	▼ -0.1	▼ -0.9	51.2	▼ -0.5	▼ -6.8	
WA	6.4%	8	▲ +0.1	▲ +0.7	91.8	▲ +1.1	▲ +12.2	
TAS	6.3%	7	▲ +0.1	▲ +0.5	16.5	▲ +0.2	▲ +1.4	
NT	4.0%	2	■ 0.0	▲ +0.7	5.9	▼ -0.1	▲ +0.9	
ACT	3.7%	1	▼ -0.1	▼ -0.3	8.8	▼ -0.2	▼ -0.3	

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

Notes: Trend values are used.

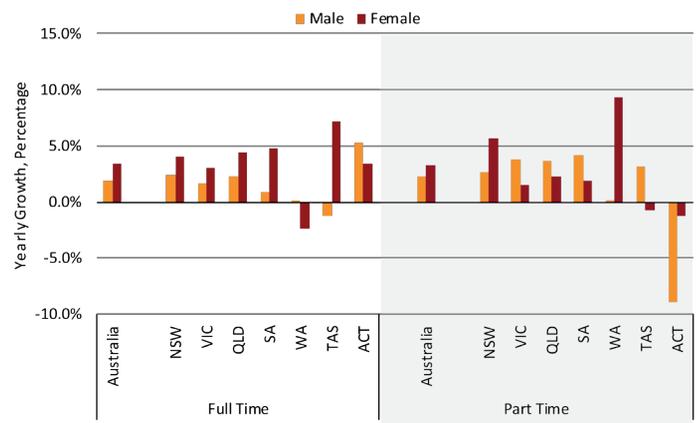
Figure 2: Unemployment rate by gender – states and territories



Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0
Notes: Trend values are used.

The national unemployment rate for women, at 5.5%, is marginally higher than that of men, at 5.4%. In Vic, SA and the ACT, the u/e rate for both genders have fallen over the last 12 months. SA's drop in its female unemployment rate was the highest (-1.5 ppts), followed by Vic with a 1.1 ppt decrease. The male u/e rate has fallen the most in Vic, down 0.9 ppts. The increase in NSW's u/e rate for both genders is negligible, yet for the NT the increase is noticeable - a 1.0ppt increase among men and 0.3 ppt increase for women in the territory. WA is the only other state to record an increase in the u/e rate for both genders. In fact, the increase in WA's male u/e rate is the highest across all states and territories at +1.2 ppts.

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

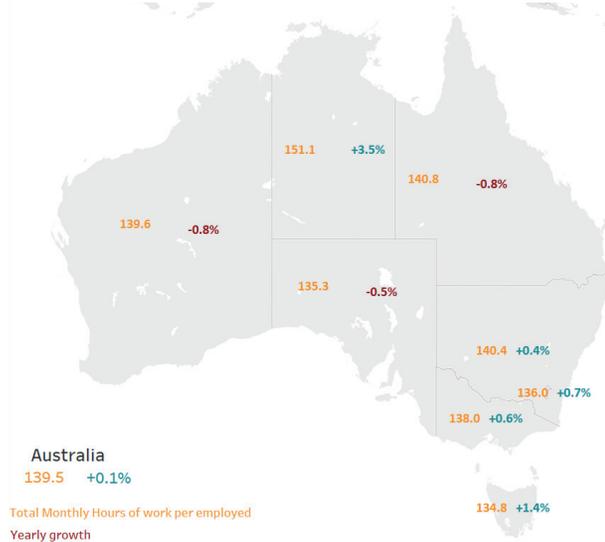


Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0
Notes: Trend values are used. Figures show growth from May 2017 to May 2018.

Both part-time and full-time employment grew nationally over the last 12 months, for both genders. Nationally, female full-time employment has grown at almost double the rate of growth for men, 3.4% compared to 1.8% over the year. The dominance of growth in women's full-time employment is repeated across almost all states and territories except WA and the ACT. Growth in female full-time employment is the highest in Tas, which recorded a 7.1% increase. For men, though, the ACT shows the highest growth in full-time employment, at 5.3%.

While WA is the only region with a reduction in female full-time employment, growth in female part-time employment is the highest for the West, reaching almost 10% in the year to May 2018. Part-time employment has grown at a faster rate for men, compared to women, in Vic, Qld, SA and Tas. The ACT is the only region where male part-time employment has shrunk, (-8.9%).

Figure 4: Total hours worked per employee – states and territories



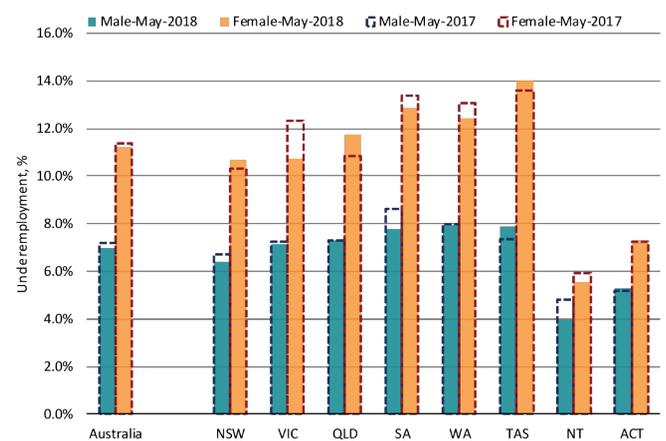
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0
Notes: Figure shows average monthly hours worked per employee, along with the associated percentage change in monthly hours between May 2017 and May 2018. For states and territories, values are smoothed using 13-month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

Since May 2018, the total number of hours worked per employee has grown slightly (+0.1%), now sitting at 139.5 hours per month for employees. WA and Qld have recorded the highest decrease in total hours worked over the last 12 months, a 0.8% reduction. The NT has maintained both the highest average hours worked and highest growth, in the year up to May 2018. An average employee in the NT worked 151.1 hours in May 2018, an increase of 3.5% since May last year.

In Tas, the total number of hours worked per employee is the lowest in the country (134.8 hours), even with an increase of 1.4% from May 2017. Across the country, Qld, SA and WA are the only regions to record a reduction in the total number of hours. Tas, SA and Vic are the regions with the total number hours of worked smaller than national average.

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

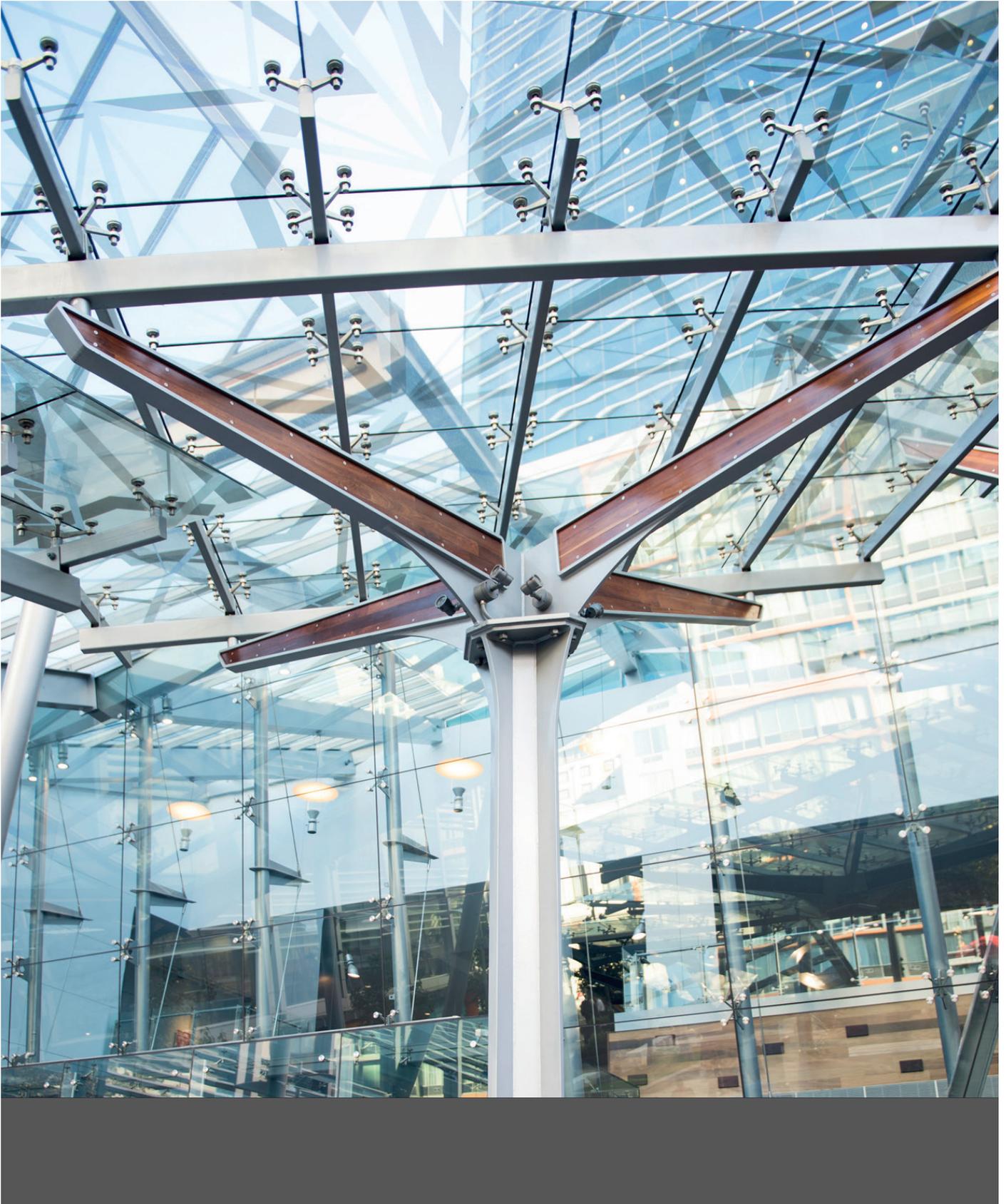
Figure 5: Underemployment ratio by gender – states and territories



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.

Compared to a year ago, underemployment has fallen by 0.2ppt for both genders at a national level. Female underemployment is around 11.2%, still much higher than male underemployment at 7.0%. Across the states and territories, WA has the highest male underemployment (7.9%), for females however, Tasmania has the highest underemployment (14.0%). Tas is also the only state where the underemployment rate has risen for both genders since May 2017. Excluding Tas and the ACT, male underemployment has fallen in all states and territories over the last 12 mths. Some regions, such as the NT and SA, have had a significant reduction (-0.8ppts), while negative changes in some other regions were minimal, such as Queensland at -0.03ppts.

When looking at changes in female underemployment, Victoria stands out with a 1.6ppt reduction. WA and SA also recorded substantive reductions in the female underemployment ratio over the last 12 months.



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