

# BCEC

Bankwest Curtin Economics Centre

# LABOUR MARKET UPDATE

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

## Professor Alan Duncan



### Relativity is everything

Is the Australian labour market in a better position than last year? Yes. Is it in a better position than last month? On balance, yes. With a 2.9% increase in employment, a substantive fall in the unemployment rate, and an overall increase in participation, Australia's labour market now stands in a far better position than it did a year ago. We've also seen consistent positive growth each month, particularly in full-time jobs and unemployment remaining relatively stable. Most states and territories are also seeing these positive signs, however, we still have some way to go to ensure that the jobs being created are those that will drive productivity and growth.

We also need to be prepared for the major re-benchmarking of the labour force estimates that will be released in early December. These adjustments are likely to affect states that have seen big population changes between the two Censuses, in particularly WA, and may mean that the current labour market trends we are observing are not what we thought they were. Time will soon tell.

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## Associate Professor Rebecca Cassells



### Full-time employment driving labour force growth - with a couple of caveats

When our MLMU was first released in April this year, part-time employment was the strongest contributor to growth, while full-time employment remained weak. This trend has reversed over the last six months, with full-time employment continuing to make firmer ground. Just six months ago, part-time employment made up around 40% of the overall increase in employment across Australia - this has now halved to 20%. But not all states are experiencing this trend and part-time employment still plays an important role in adding jobs to Qld, Tas and the ACT. In fact, almost 40% of the stellar 4.6% employment growth in Qld over the last month, stems from part-time work. The positive signs we're seeing in the labour market of late point to an economy that is on the right path.

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## Dr Yashar Tarverdi



### Positive labour market outlook for WA? Yes but not enough!

The latest ABS figures suggest that WA's employment has passed its darkest time, with a 2.8% increase in employment from October last year, representing an additional 37,000 workers added to the West Australian economy in the last twelve months. Unemployment is also down considerably compared to the same time last year - by 0.6 percentage points, but remains above the national average at 5.8%. WA currently has 7,100 fewer people looking for work than this time last year. Participation growth has been positive, along with full-time employment growth in the last year. But, WA is the only state that shows underemployment growth across both genders, which indicates there remains significant unused capacity in state's labour market eager to be utilised.

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Table 1: Employment Changes - states and territories

Australia's labour market keeps its positive trend on both year-to-date and monthly growth measures. From September 2017, the number of employed increased by 20,000, slightly less than last period. Yet, growth remains strong with annual employment growth since October last year reaching 2.9%.

Almost all states experienced an improvement in the labour market. However, rates of year-to-year growth ranged from 1.5% in SA to 4.6% in Qld. The only territory with negative annual growth was NT with a 2.2% contraction in its employment size. Qld has also seen the largest increase in the number of persons employed, with an additional 7,900 workers over the month to October.

	Employed Persons ('000)	Change from:				Change from Sep-2017 ('000)		Change (%) from Oct-2016	
		Sep-2017 ('000)	Rank	Oct-2016(%)	Rank	Full-Time	Part-time	Full-Time	Part-time
Australia	12,301.2	▲ +20.0	---	▲ +2.9%	---	+16.0	+4.0	▲ +3.6%	▲ +1.5%
NSW	3,894.6	▲ +6.7	2	▲ +2.4%	6	+9.4	-2.7	▲ +4.8%	▼ -2.9%
VIC	3,167.5	▲ +2.9	3	▲ +2.8%	4	+1.7	+1.2	▲ +3.4%	▲ +1.7%
QLD	2,448.2	▲ +7.9	1	▲ +4.6%	1	+4.8	+3.1	▲ +2.7%	▲ +8.9%
SA	826.9	▲ +0.5	5	▲ +1.5%	7	+0.1	+0.3	▲ +1.7%	▲ +1.3%
WA	1,367.6	▲ +0.4	6	▲ +2.8%	4	-1.9	+2.4	▲ +4.0%	▲ +0.2%
TAS	245.3	▼ -0.3	8	▲ +3.0%	3	-0.7	+0.5	▲ +0.3%	▲ +7.8%
NT	132.3	▼ -0.1	7	▼ -2.2%	8	+0.1	-0.2	▼ -3.3%	▲ +2.1%
ACT	222.1	▲ +1.4	4	▲ +3.1%	2	+1.0	+0.4	▲ +2.4%	▲ +4.9%

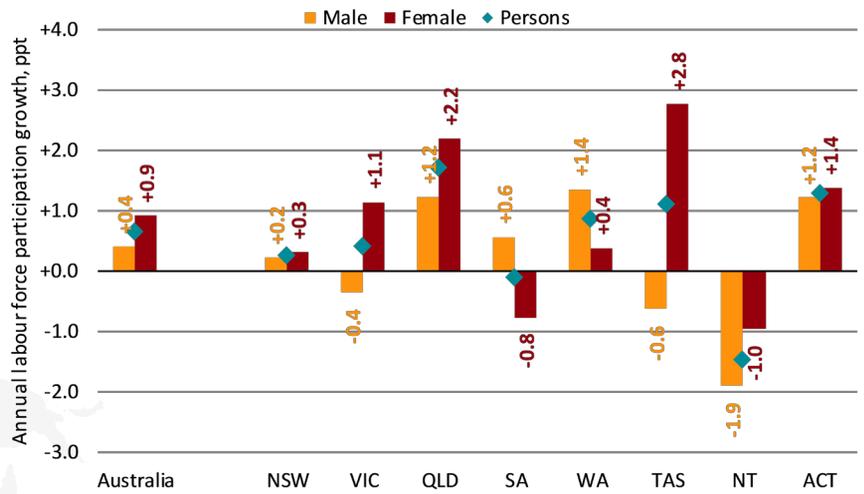
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0  
Notes: Trend values are used. Numbers may not sum to totals due to rounding.

Employment growth across states and territories has been mostly driven by full-time employment, with some notable exceptions - Tasmania and the two mining states of WA and Qld. In fact, almost 40% of the stellar 4.6% employment growth in Queensland in the month to October 2017, stems from part-time work. And on year-to-date measures, part-time work has grown by 8.9% since October 2016. Nationally, full-time employment increased by 3.6% while part-time expanded by 1.5% from October last year.

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

Nationally, labour force participation for both men and women continues to grow, but more strongly for women. Queensland in particular has seen strong growth in LFPR among women, with the 2.2 percentage point increase over the year to October 2017 likely to be closely related to the part-time employment growth we have seen in the sunshine state.

Labour force participation growth for NSW remained weak on year-to-date measures for both men and women, hovering around a modest 0.2 – 0.3ppt increase. Men fared better than women in both SA and WA on participation measures, with WA recording the highest participation growth for men among all states and territories (+1.4 ppt). Tasmania recorded the highest LFPR growth for women across the year (+2.8 ppt), whereas the ACT had above national average LFPR growth for both men and women.



Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0  
Notes: Trend values are used. Figures show growth from October 2016 to October 2017.

Table 2: Unemployment changes – states and territories

The national unemployment rate remains unchanged at 5.5% on trend figures, with just over 709,000 unemployed persons across Australia. This represents a decrease on year-to-date measures of 0.2ppts.

The two most populous states, NSW and Vic also remained static with no changes to their unemployment rate between September and October 2017.

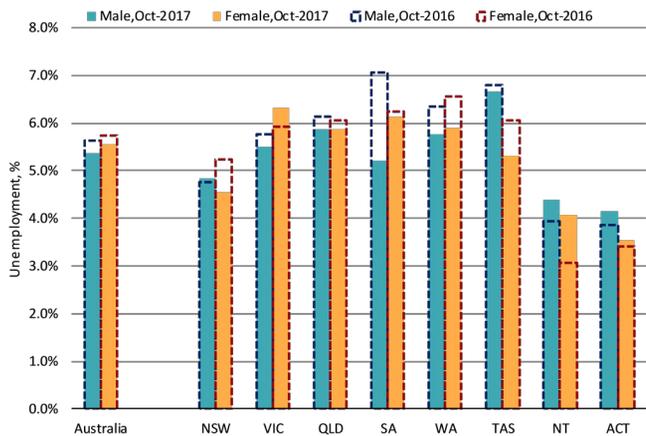
Queensland, SA and the ACT have all seen improvements in their unemployment rate since Sept 2017, while WA and the NT experienced a modest deterioration. However, WA currently has 7,100 less people looking for work than this time last year.

	Unemployment Rate	Rank	Change (ppt) from:		Unemployed ('000)	Change ('000) from:	
			Sep-2017	Oct-2016		Oct-2017	Sep-2017
Australia	5.5%	--	■ 0.0	▼ -0.2	709.4	▼ -3.0	▼ -11.6
NSW	4.7%	3	■ 0.0	▼ -0.3	192.4	▼ -1.2	▼ -7.1
VIC	5.9%	7	■ 0.0	▲ +0.0	197.8	▼ -1.4	▲ +7.0
QLD	5.9%	6	▼ -0.1	▼ -0.2	152.6	▼ -1.1	▲ +0.8
SA	5.6%	4	▼ -0.2	▼ -1.0	49.4	▼ -1.5	▼ -8.7
WA	5.8%	5	▲ +0.1	▼ -0.6	84.5	▲ +1.5	▼ -7.1
TAS	6.0%	8	■ 0.0	▼ -0.4	15.7	■ 0.0	▼ -0.7
NT	4.2%	2	▲ +0.2	▲ +0.7	5.9	▲ +0.2	▲ +0.9
ACT	3.8%	1	▼ -0.2	▲ +0.2	8.9	▼ -0.5	▲ +0.7

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

ACT continues its first place position, with the lowest unemployment rate (3.8%) in the nation, while Tas (6.0%) has now slipped to last place taking the position from Vic over the last two months.

Figure 2: Unemployment rate by gender – states and territories



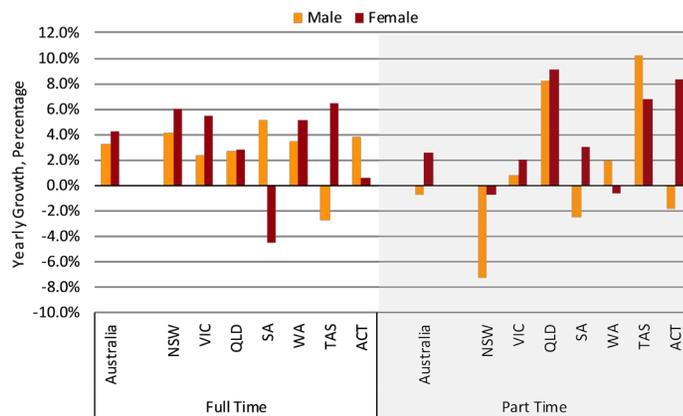
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0  
Notes: Trend values are used.

The overall improvement in unemployment is apparent for both men and women, with rates lower now than a year ago. WA has seen a similar improvement for men and women, with unemployment levels now below the 6.0% plus figures experienced last October.

The unemployment rate for men in SA has fallen significantly compared to a year ago, a difference of almost 2 ppts. In NSW, there has been little change among men, whereas women have seen an improvement over time.

Unemployment in the ACT and NT, and among women in Victoria has grown on year-to-date measures.

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



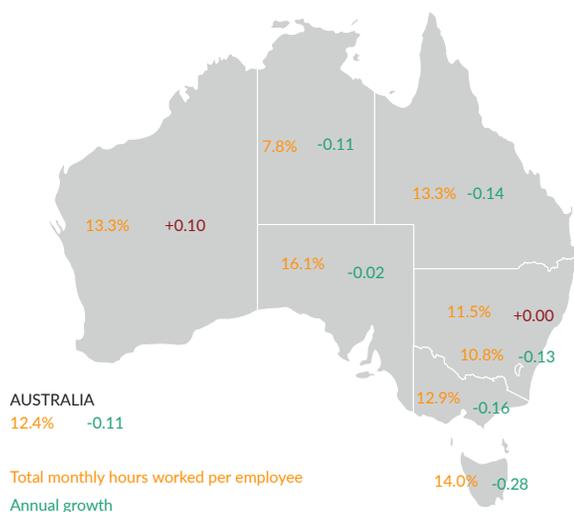
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0  
Notes: Trend values are used – Figures show growth from October 2016 to October 2017.

Full-time employment for both men and women grew across all states and territories on year-to-date measures, with the exception of women in SA and men in Tas.

In Qld, part-time employment has grown strongly for both genders; reaching more than 9% for women and 8.2% among men. Tas has also seen strong part-time employment growth for men (10.2%) and women (6.8%) in the last 12 months.

NSW, SA and the ACT have all seen a contraction in part-time employment for men on year-to-date measures.

Figure 4: Youth unemployment rate - states and territories



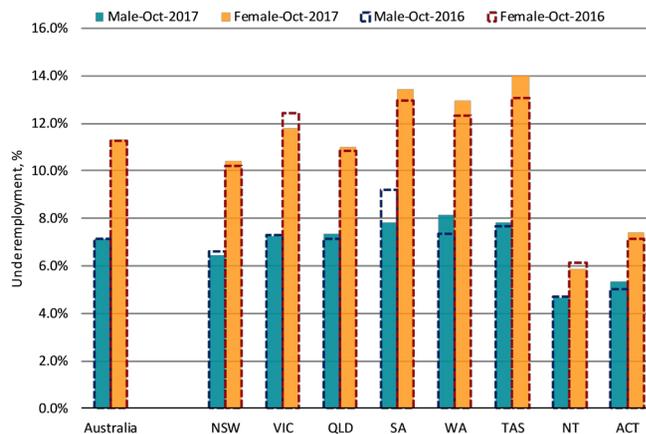
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0  
Notes: Figure shows unemployment rate for 15-24 year olds. For states and territories, values are smoothed using 13-month rolling average. Percentages are rounded.

Youth unemployment is trending downwards across all states and territories, with the exception of NSW and WA. Nationally, the youth unemployment rate decreased by 0.11 percentage points and currently stands at around 12.4%.

SA continues to record the highest youth unemployment rate (16.1%), followed by Tas (14.0%) and WA (13.3%). The NT remains the only region where youth unemployment is below 10% and has held this position for five consecutive periods.

Tasmania has seen youth unemployment fall by 0.28 percentage points on year-to-date measures, but still remains the second highest in the country.

Figure 5: Underemployment ratio by gender – states and territories

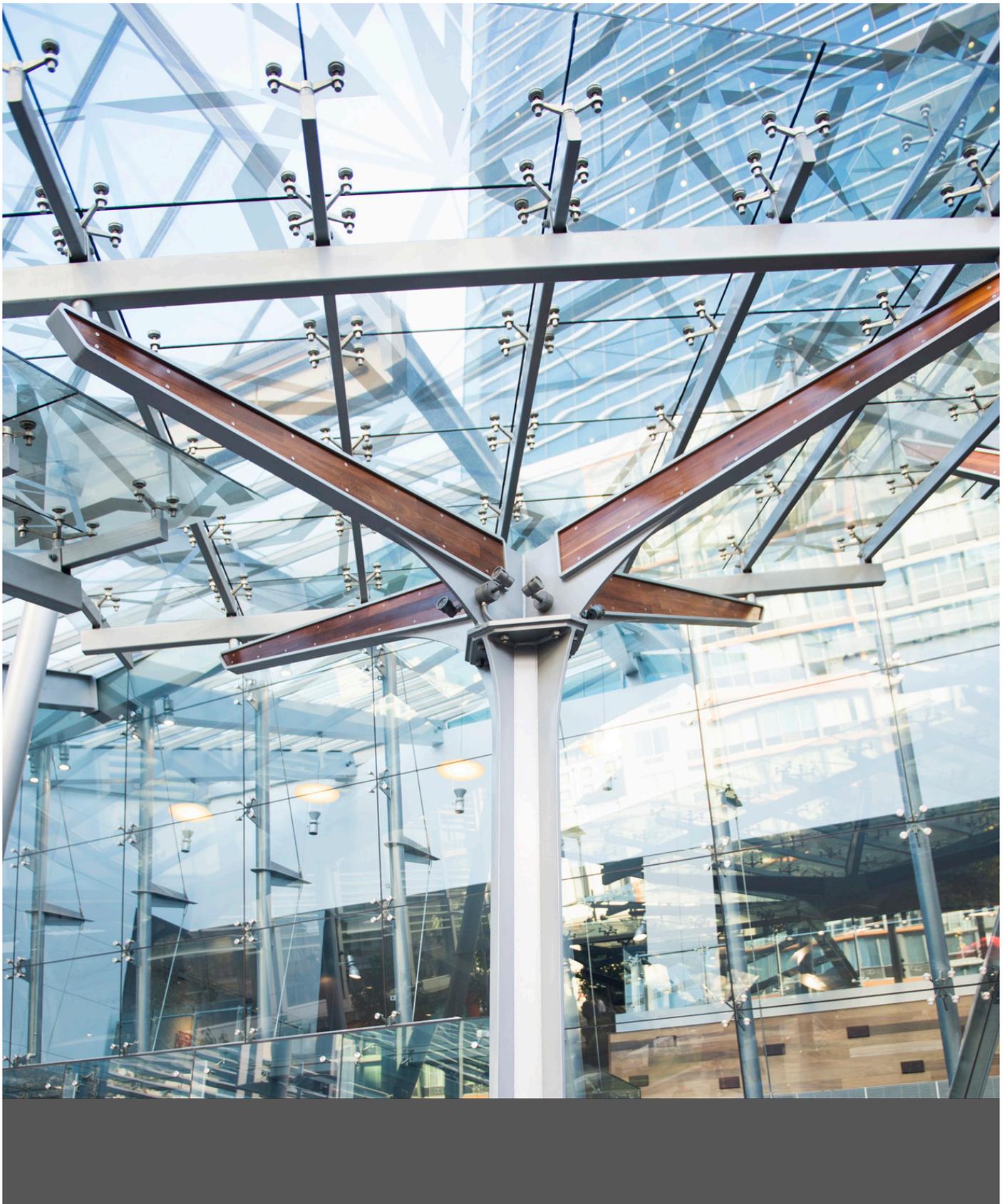


Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0  
Notes: Values are smoothed using 13-month rolling average. Underemployment ratio is the number of persons that worked part-time hours and wanted to work more hours as a proportion of the no. employed.

Nationally, underemployment remains unchanged, with women still significantly more likely to be underemployed than men – 11.3% compared with 7.1%.

The NT and Vic are the only two regions that saw a reduction in the female underemployment ratio, with all other states either increasing or remaining unchanged on this indicator.

SA has seen a big improvement in underemployment among men, decreasing by 1.4 percentage points over the year to October 2017. However, its close neighbour WA has seen male underemployment deteriorate in the last 12 months, increasing from 12.3% to 13.0%. WA has the third highest female underemployment ratio and the highest male underemployment ratio among all states and territories.



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