That was the year that was…. but do we have 2020 vision?

2019 has been an interesting year for the Australian economy and the labour market. A number of economic indicators have been downgraded over the last 12 months – GDP, wage growth, budget positions - and continue to be downgraded across the country. But we’ve also seen a twin account surplus, with Australia recording a budget surplus of $6bn and its first trade surplus since 1975 driven largely by sustained mining exports and demand for iron ore in particular. This means that Australia exports more than it imports, and the government is raising more revenue than is being spent. At the same time the labour market has added an extra 270,000 workers, labour force participation has been rising and unemployment rate has held up reasonably well over the last year.

But we’ve also seen that 2019 has been a year where part-time work has played an important role in creating jobs – contributing almost half of the extra 270,000 jobs over the last 12 months. The majority of these jobs have gone to women, but part-time work has been increasing at a faster pace among men across nearly all states and territories.

So what can we look forward to in 2020? The recent MYEFO suggests that employment growth will “moderate” over the next year. Add to this the ongoing conundrum of slow wages, lower average hours worked each month for each employee and increasing underemployment, and we’re probably left with more questions than answers.

The labour market is different now………but what does it all mean?

The labour market is different now. Most jobs being created are within the non-market sector with 2 in 3 jobs created over the last year in either health, education or the public sector. Women are dominating jobs growth – particularly full-time work - and are increasing their labour force participation at a much faster rate than men – which in some states has declined over the last year. Part-time work is a more typical type of working arrangement – and has been growing the fastest among men. Some of these patterns are cyclical, but some are here to stay as structural and demographic forces change the composition of our labour markets.

If employment growth continues to be dominated by the “non-market” sector, and women - which is likely given the increasing demand for health and caring services - what will this mean for labour productivity when the non-market sector isn’t even counted in the current measurement framework? Are we really as unproductive as current figures suggest? And importantly what will this mean for wage and income growth going forward when many of the jobs being added are barely paying over the minimum wage?

Counting (and valuing) what women contribute has always been a challenge for our society. The Australian Bureau of Statistics are doing some good work in this area. Now is as good a time as any to put it into action.

WA’s labour market in better health….. but not yet out of the woods

Western Australia holds the title for the biggest improvement in the unemployment rate over the last year according to the latest ABS labour force data release. WA’s unemployment rate has fallen by a full half a percentage point on trend terms and now stands at 5.8%, the fourth lowest among all states and territories. There are now 6,600 fewer unemployed people in the state than a year ago.

So do these vital signs show the health of the WA labour market to be improving? On the face of it, yes. But it’s not quite out of the woods yet. Employment has risen by 22,500 over the year, but like most states and territories, part-time work has been doing most of the heavy lifting, adding 24,300 to WA’s employment count. At the same time, full-time employment fell by around 1,800. The WA Government’s recent Mid-year Financial Projections Statement foreshadows lower employment growth (1.5% in 2019-20, down 0.25ppt on the budget forecast from earlier this year).

It may be some time before we can give the WA labour market a clean bill of health.
The BCEC Monthly Labour Market Update is based on estimates from the ABS monthly labour force survey. These estimates are subject to sampling variability.

Currently, there are just under 716,000 people unemployed in Australia. This translates to an unemployment rate (u/e rate) of 5.2%, the same as this time last month. Part-time employment has grown at almost double the pace of full-time employment over the last twelve months, rising 3.2% compared to 1.6%. This trend is repeated across all states and territories with the exception of NSW. Among the states, VIC had the strongest part-time employment growth (up 6.5%), some five times higher than the growth in full-time employment (up by 1.3%).

Total employment over the year increased in all states and territories with the exception of the NT (down 1.2%). Employment grew particularly strongly in ACT and VIC (up 4.0% and 3.0% respectively over the year). QLD and NSW also saw significant growth (up 2.5% and 2.0%).

Full-time employment increased in all but three states over the last year, with the NT seeing the largest decrease (down 3.1%). The NT saw the largest increase in full-time employment (up 2.8%), followed closely by NSW (up 2.7%). QLD also experienced significant full-time employment growth over the year (up 2.0%), the remaining states and territories experienced marginal to moderate increases.

Over the last month, the number of employed people has increased by 17,400 nationwide, with an almost even split between full and part-time workers. VIC provided over half of the additional jobs nationwide (9,300), the majority of which were part-time. QLD also saw significant growth adding 5,900 workers, and again most (4,200) were part-time.

The national labour force participation rate (LFPR) has increased by half a percentage point over the last year and currently stands at 66.1%. Female participation continues to rise, with growth of 0.8ppt over the year to November 2019, while aggregate male LFPR across Australia remains relatively flat.

All states and territories saw increases in participation over the last year (shown by blue diamonds in Figure 1), with the ACT recording the largest increase (up 1.5ppt). The three largest states – NSW, VIC, and QLD – all experienced similar LFPR growth of around 0.6ppt.

Participation rates for women increased across all states and territories over the year. LFPR growth has been strong in VIC and SA (each rising 1.5ppt) as well as in the two territories (up 1.7ppt in NT and 1.3ppt in ACT).

The situation is a little more mixed for men, with falling male participation rates across half of the states and territories. NT has seen the largest decline in male participation (down 1.2ppt), followed by SA (down 1.1ppt), WA and VIC (down 0.4ppt and 0.3ppt respectively). Male LFPR rose in the ACT (up 1.8ppt over the year), in NSW (up 0.9ppt) and in QLD (up 0.5ppt).
The national u/e rate for women has remained relatively unchanged over the last 12 months, and currently sits at just over 5.1%. Men on the other hand have seen unemployment rates rise by around 0.4ppt over the last year, to just under 5.4% as at November 2019.

Male u/e rates have increased in all states and territories except for WA (down 0.5ppt) and the ACT (down 0.4ppt). QLD has seen the largest increase in u/e rates among men (up 1.1ppt), with the NT and SA also seeing significant increases (+0.9ppt and +0.7ppt respectively).

The u/e rate among women has increased in half of the states and territories over the year to November 2019. The NT saw the largest increase (up 1.5ppt), with SA and NSW also facing increases of 0.5ppt and 0.4ppt respectively. QLD recorded the largest decrease in the female u/e rate (down 0.7ppt), followed closely by WA (down 0.6ppt).

Underemployment continues to rise among men (up 0.5%) and fall for women (down 0.3%) at the national level. However, the gap between the underemployment ratio for men and women still remains large, with women having an underemployment ratio of around 10.8% compared to 7.1% for men. Across the states and territories, TAS has the highest underemployment ratio for both genders (9.3% for men and 13.9% for women).

Full-time employment growth continues to be strongest for women, rising by 3.1% over the year to November 2019. The ACT reported the strongest growth in full-time employment among women (+4.9%), followed by SA (+4.8%). Significant growth was also seen in NSW (+3.6%), TAS (+3.4%), and VIC (+3.3%). Full-time employment among women only fell in the NT (-1.6%).

For men, full-time employment grew at a slower pace, and only in half of the states and territories. Only NSW and QLD experienced considerable growth (+2.1% and +1.8% respectively). NT saw the largest reduction in full-time employment among men (-4.1%), with significant falls also in SA (-3.2%).

Nationally, part-time employment growth is stronger for men nationwide (+4.5%), but there has also been moderate growth among women (+2.6%). Growth in part-time employment among men was evident in all states and territories aside from QLD. The ACT saw the largest increase (+16.5%), followed by TAS (+10.3%), and then WA (+9.63%). VIC, SA, and NSW also saw significant growth in part-time male employment over the year. Part-time employment among women grew in all states and territories but NSW, which saw a moderate decrease (-1.7%). The NT saw the largest increase (+7.6%). VIC, QLD, and WA also saw significant increases of 5.9%, 5.7%, and 4.3%.

Underemployment, with a decrease of 0.6%. VIC, SA, and TAS also saw significant decreases (down 1.3%, 1.9%, and 1.9% respectively). All other states and territories experienced decreases of around 1%.

The NT still has the highest number of hours worked per employee in a month (145.6), despite the large decreases seen over the year. WA, QLD, and NSW are the only other states with monthly hours above the national average (139.4 for WA and QLD, and 138.4 for NSW), and territories aside from QLD. The ACT saw the largest increases in the male underemployment ratio (up 1%, 0.9%, and 1.6% respectively), WA saw the smallest increase in the male underemployment ratio over the year to November 2019 (+0.1%).

The underemployment ratio for women increased in 3 out of the eight states and territories, with the NT seeing the largest increase (up 2.4%), followed by the ACT (up 1.1%). NSW is the key contributor to the national fall in female underemployment, with a decrease of 0.6%. QLD, SA, and WA experiencing similar decreases (down 0.5%, 0.4%, and 0.5% respectively). VIC – the only state to see their female underemployment ratio rise – only saw a marginal increase of 0.15%.
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