



# BCEC

Bankwest Curtin Economics Centre

## LABOUR MARKET UPDATE

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

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### Reaching 150,000 jobs by 2024 is becoming a harder target to meet for WA

It's pretty much exactly a year since WA Premier Mark McGowan announced that 150,000 more jobs would be created for West Australian workers by 2023-24. With the latest employment figures just released this week by the ABS, it seems timely to take stock of how WA is travelling towards this target.

Employment in the West rose by 20,100 to 1.361 million over the year to January 2020 on trend measures, equivalent to a percentage increase of 1.5% since January 2019. If the same rate of growth continues into the future, the state will fall 35,000 short of its 150,000 jobs target by June 2024. The WA Government's latest Mid-Year Review has already written in exactly this rate of growth over the 2019-20 financial year. But what's equally clear is that the WA labour market will need to step up and create at least 2,300 new jobs each month to get somewhere close to the mark set by the Premier.

The concern at the moment is that the labour market in the West is slowing down. There have been just over 5,000 new jobs created over the last half year and only 660 in the last quarter. We're also seeing a significant shift towards part-time jobs, as Rebecca and Mike highlight in their commentary. For the WA government to meet its target, the labour market will need to get back on the right track – and quickly.

### Associate Professor Rebecca Cassells



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### More part-time work, more underemployment, falling hours - more uncertainty

Last month we saw strong part-time jobs growth coupled with higher underemployment – particularly among men. This month is no different, with part-time employment continuing to be the main source of jobs growth for men over the last period.

Across all states and territories, full-time employment growth for men is either negative or almost non-existent. At the same time, we're also seeing labour force participation rates falling and unemployment rates increasing for men. Average hours worked each month are also falling, reaching the lowest level yet. This is not a good sign for where the labour market and the economy might be heading. Men are more likely to be employed in the market sector, which faces the greatest exposure to economic upturns and downturns – and at this point in time, a significant downturn is a very real possibility.

The Coronavirus is weighing heavily into business decisions and markets, impacting supply chains, investment and hiring decisions. How long the coronavirus will be in play is an unknown, which creates additional uncertainty for an already cautious business sector. For now, the non-market sector is going to have to do even more of the heavy lifting.

### Professor Michael Dockery



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### Will New South Wales be the state of origin for a recovery in jobs?

As the most populous State, what happens in the labour market in New South Wales has a substantial bearing on trends in the national labour market. And there are signs that the employment outlook may be taking a different tack to the rest of the country. With a population of 8.1 million people, 31.9 per cent of Australians live in NSW and the State accounts for precisely the same share of jobs. Despite being ravaged by bushfires, NSW had an unemployment rate of just 4.5% in January 2020, compared to the national rate of 5.2%. If we exclude NSW from the figures, the 'Rest of Australia' had an unemployment rate of 5.5% in January.

While employment growth has actually been stronger in Victoria, it is with respect to the full-time and part-time mix that NSW is really bucking the trend. In the 12 months to January 2020, NSW had the second highest rate of growth in full-time jobs after the ACT, and was the only State to record a fall in part-time employment for the year. That fall was concentrated among women, but offset by a very strong increase in female full-time employment. An increase in the full-time versus part-time share of employment can be a leading indicator for jobs growth, as employers initially increase hours for existing employees, in response to an increase in demand, before putting on new workers. This month's figures are an encouraging turnaround from recent trends in economic indicators for NSW. On the downside, conditions in NSW also have a disproportionate weight on policy settings, so a divergent NSW economy could lead to inappropriate settings for other States and Territories.

Table 1: Employment changes - states and territories

The latest monthly labour force survey data released by the Australian Bureau of Statistics (ABS) shows that nationally, an additional 20,000 people were added to the Australian workforce from December 2019 to January 2020. Around 5,400 of the additional jobs added over the past month were part-time, with the remaining 14,600 full-time. Rates of change paint a different picture, with part-time employment growth rising at a much faster pace than full-time employment across all states and territories except for VIC.

On year-to-date measures, employment has grown by 2% - representing an increase of 257,400 employed persons since January 2019. Part-time employment continues to experience stronger growth than full-time employment (+2.8% compared to +1.7%).

	Employed Persons ('000)	Change from:				Change from December 2019 ('000)		Change (%) from January 2019	
		January 2020	December 2019 ('000)	Rank	January 2019 (%)	Rank	Full-Time	Part-time	Full-Time
Australia	12,996.7	▲ +20.0	---	▲ +2.0%	---	+14.6	+5.4	▲ +1.7%	▲ +2.8%
NSW	4,141.5	▲ +4.6	3	▲ +1.6%	5	+5.7	-1.0	▲ +2.5%	▼ -0.4%
VIC	3,455.2	▲ +7.3	1	▲ +2.8%	3	+5.8	+1.5	▲ +1.5%	▲ +5.7%
QLD	2,558.0	▲ +4.7	2	▲ +2.3%	4	+2.4	+2.3	▲ +1.6%	▲ +3.8%
SA	848.1	▼ -0.9	8	▲ +0.0%	8	-1.3	+0.4	▼ -1.7%	▲ +3.4%
WA	1,361.2	▲ +0.4	5	▲ +1.5%	6	-0.6	+1.0	▼ -0.8%	▲ +6.6%
TAS	256.1	▲ +1.0	4	▲ +3.5%	2	+0.0	+1.0	▲ +1.6%	▲ +6.7%
NT	133.2	▲ +0.3	6	▲ +1.0%	7	+0.3	-0.0	▼ -0.5%	▲ +6.7%
ACT	234.7	▲ +0.1	7	▲ +3.6%	1	+0.7	-0.6	▲ +3.2%	▲ +4.4%

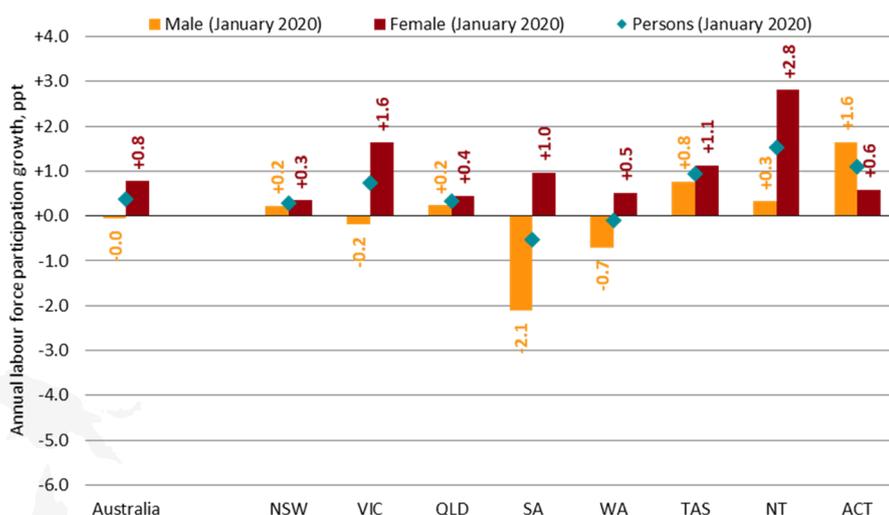
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

VIC was the largest contributor to the strengthening national trends, providing an additional 7,300 jobs over the month to Jan 2020. NSW and QLD also saw significant increases in the number of people employed (+4,600 and +4,700 respectively). SA was the only state which saw a decrease in the number of people employed, with around 900 jobs lost over the month. NSW and VIC provided the most additional full-time jobs over the month to January 2020 (+5,700 and +5,800 respectively), while QLD was the key contributor to increases in part-time employment, providing an additional 2,300 jobs over the month. WA and the NT have both seen negative full-time employment growth over the last year (-0.8% and -0.5% respectively). ACT has seen the highest full-time employment growth over the last year (+3.2%), followed by NSW (+2.5%). The NT and TAS had the largest increases in part-time employment over the year (+6.7% each), followed closely by WA (+6.6%).

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

The labour force participation rate (LFPR) for Australia has increased by 0.4ppt over the year to January 2020. Women continue to be the key contributor to this trend, with the female LFPR increasing by 0.8ppt, while the male LFPR remained unchanged from January 2019. All states and territories experienced an increase in participation rates over the last year, with the exception of SA and WA which recorded decreases of 0.5ppt and 0.1ppt respectively. The NT saw the largest increase in participation rates (+1.5ppt), followed by the ACT (+1.1ppt), TAS (+0.9ppt), and VIC (+0.7ppt).

The female LFPR grew in all states and territories over the year, with NT seeing the largest increase (+2.8ppt), followed by VIC (+1.6ppt). SA and TAS also saw significant increases of around 1.0ppt. The participation rate for men on the other hand, has decreased in 3 out of 8 states and territories. SA saw the largest decrease in male participation rates (-2.1ppt), with relatively smaller decreases being recorded in WA and VIC (-0.7ppt and -0.2ppt respectively). The ACT recorded the largest increase in male participation rates (+1.6ppt), followed by TAS (+0.8ppt). NSW, QLD, and the NT all recorded very minor increases in participation rates among men of between +0.2 to +0.3ppt.



Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0 Notes: Trend values are used. Figures show growth from January 2019 to January 2020.

Table 2: Unemployment changes – states and territories

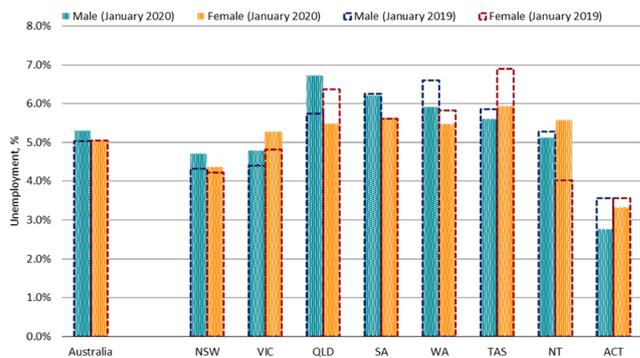
There were 709,600 unemployed people in Australia in January 2020, an increase of only 600 unemployed people since December 2019. The national trend unemployment rate (u/e rate) for January 2020 remained unchanged from the previous month at 5.2% but increased slightly on seasonally adjusted figures to 5.3%. On year-to-date measures, the national u/e rate has increased by 0.2ppt - representing an additional 34,400 unemployed people than in January 2019.

The majority of this increase came from the two largest states of NSW and VIC, with an additional 15,300 and 20,600 unemployed people respectively. WA experienced the largest decrease in unemployed people over the year (down 7,000), with the two territories and SA seeing minor decreases. NSW was the best performer over the last month in terms of change in the number of people unemployed (-1,200), followed closely by QLD (-1,100) and SA (-900). VIC was the worst performer, with an additional 3,500 unemployed people added to the labour market over the month to January 2020. The u/e rate in the NT and VIC increased the most over the year to January 2020, up by 0.6ppt and 0.4ppt respectively. The ACT saw the largest fall in u/e rates over the year (-0.6ppt), followed closely by WA and TAS (-0.5ppt each). QLD currently has the highest u/e rate at 6.1%, followed closely by SA at 5.9%. The ACT continues to hold the lowest u/e rate at 3%, the lowest level it has been since 2009 based on revised figures.

	Unemployment Rate	Rank	Change (ppt) from:		Unemployed ('000)	Change ('000) from:	
			December 2019	January 2019		January 2020	December 2019
Australia	5.2%	1	■ 0.0	▲ +0.2	709.6	▲ +0.6	▲ +34.4
NSW	4.5%	2	▼ -0.1	▲ +0.2	197.1	▼ -1.2	▲ +15.3
VIC	5.0%	3	▲ +0.1	▲ +0.4	182.5	▲ +3.5	▲ +20.6
QLD	6.1%	8	▼ -0.1	▲ +0.1	167.0	▼ -1.1	▲ +6.2
SA	5.9%	7	▼ -0.1	■ 0.0	53.5	▼ -0.9	▼ -0.1
WA	5.7%	5	■ 0.0	▼ -0.5	82.4	▲ +0.5	▼ -7.0
TAS	5.8%	6	■ 0.0	▼ -0.5	15.6	▲ -0.2	▼ -1.1
NT	5.3%	4	■ 0.0	▲ +0.6	7.5	■ 0.0	▲ +1.0
ACT	3.0%	1	▼ -0.1	▼ -0.6	7.3	▼ -0.1	▼ -1.0

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

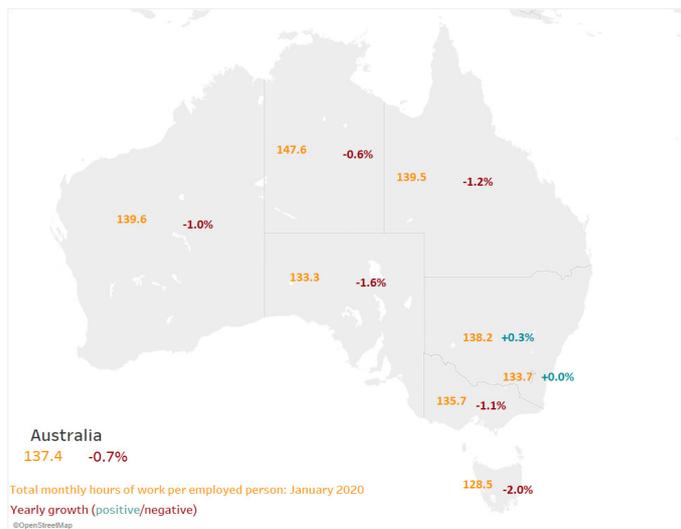
Figure 2: Unemployment rate by gender – states and territories



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

Over the year to January 2020, the national u/e rate for men increased from 5.0% up to 5.3%. The female u/e rate on the other hand has remained unchanged from this time last year at 5%. NSW and VIC are the only two regions which have experienced an increase in the u/e rate for both genders over the past 12 months, while the ACT, TAS and WA have seen decreases in the u/e rate for both genders. The u/e rate for men has increased in the three largest states, with the largest change being recorded in QLD (+1ppt). The remaining states and territories all recorded decreases in male unemployment, with the largest fall being recorded in the ACT (-0.8ppt), followed by WA (-0.7ppt). The u/e rate for women has increased in three of the states and territories, with the largest increase being recorded in the NT (+1.5ppt), while VIC saw an increase of 0.5ppt and NSW 0.1ppt. The largest decrease in the u/e rate for women was recorded in TAS (-1ppt) followed closely by QLD (-0.9ppt).

Figure 4: Monthly hours of work – states and territories



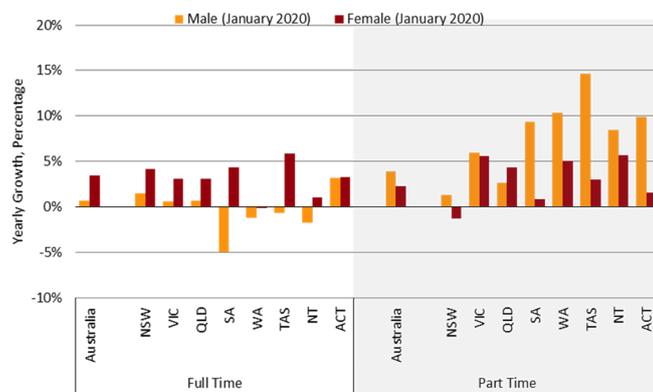
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Since January 2019, the average number of hours worked per employee at a national level has fallen by 0.7%, decreasing to 137.4 hours per month.

NSW was the only region to see a significant increase in the number of monthly hours worked per employee, up 0.3%, with the ACT seeing a very marginal rise. The remaining states and territories all experienced a fall in the number of monthly hours worked per employee. TAS recorded the largest decrease (down 2%), followed by SA (down 1.6%). WA, VIC, and QLD also reported significant decreases (down 1%, 1.2%, and 1.2% respectively).

The NT recorded the highest monthly hours worked per employee, 147.6 hours per employee each month. WA followed the NT with 139.6 hours, followed closely by QLD at 139.5 hours, and NSW at 138.2 hours. The lowest number of monthly hours worked per employee was in TAS at 128.5 hours per employee. TAS was followed by SA at 133.3 hours, and the ACT with 133.7 hours, with all 3 falling below the national average of 137.4 hours.

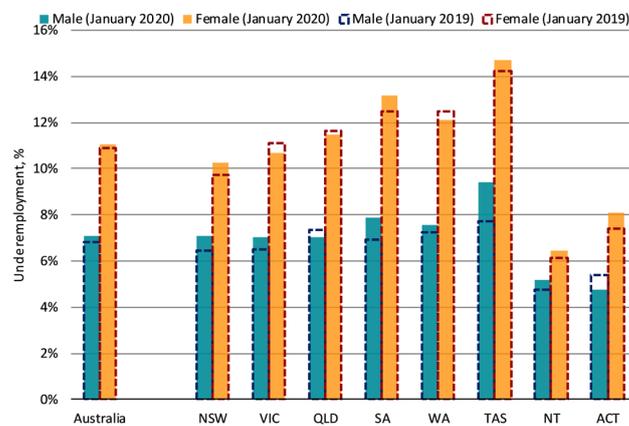
Figure 3: Yearly growth in full-time and part-time employment by gender



Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0  
Notes: Trend values are used. Figures show growth from January 2019 to January 2020.

Growth in national full-time employment among women (+3.4%) has been significantly higher than for men (+0.7%), over the year to January 2020. For part-time employment we saw the opposite trend, with part-time employment among men (+3.9%) growing faster than part-time employment among women (+2.3%). Full-time employment among women grew in all states and territories but WA, which saw a minor decrease of less than 0.1%. TAS recorded the strongest growth in full-time employment among women (+5.9%), followed by SA (+4.4%), and NSW (+4.2%). Significant growth was also recorded in the ACT (+3.3%) and QLD (+3.1% each). Full-time employment among men fell in half of all states and territories, with the most significant decrease being recorded in SA (-4.9%). The ACT experienced the largest growth in full-time male employment (+3.2%), followed by NSW (+1.5%) Part-time employment among women only fell in NSW (-1.3%). The largest growth rates for part-time employment among women were recorded in the NT (+5.7%), VIC (+5.6%), WA (+5.1%), and QLD (+4.4%). For men, part-time employment growth was seen in all states and territories. TAS saw the largest increase (+14.6%), followed by WA (+10.4%), the ACT (+9.9%), SA (+9.3%), and the NT (+8.5%). VIC also experienced significant growth rates (up 6%), while NSW had the lowest growth rate in part-time employment among men (+1.3%), followed by QLD (+2.7%).

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. The 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.

Underemployment grew nationally by 0.2ppt for women and 0.3ppt for men over the year to Jan 2020. Female underemployment currently sits at around 11.1%, still much higher than male underemployment at 7.1%. This pattern is evident across all states and territories.

The underemployment ratio for women has increased in 5 of the states and territories since January 2019. The largest increase was seen in SA (+0.7ppt), followed by the ACT (+0.7ppt), and then NSW and TAS (+0.5ppt each). The largest decreases in female underemployment were seen in VIC and WA (down 0.4ppt each).

The male underemployment ratio increased in 6 of the 8 states and territories over the year to Jan 2020. TAS saw the most significant increase (+1.7ppt), followed by SA (+0.9ppt). The largest decrease in underemployment among men was in the ACT (down 0.6ppt).



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