



BCEC

Bankwest Curtin Economics Centre

LABOUR MARKET UPDATE

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

Not much to see yet, but cracks starting to show

The March ABS labour market survey released today showed very little of the job losses and changes to headline labour market indicators that we know are coming. This is because the monthly survey is conducted in the first two weeks of each month, which for the March release was just before companies started announcing major job losses and social distancing and trading restrictions were put in place. However some cracks are starting to show. The bellwether indicator of hours worked per worker has fallen across every state and territory in the last month. And while this indicator was already on a longer-term downward trajectory, it's the first time we have seen this pattern since our first BCEC Monthly Labour Market Update in 2017.

We also saw a larger than usual spike in part-time employment in the March figures, with part-time growth rates up to seven times the pace of full-time jobs growth. These early signs point to employers making some changes in early March in anticipation of the economy-wide downturn. But they also point to a longer-term trend of part-time employment.

Out of work but not necessarily unemployed: what can we expect to see next month?

The April labour force survey will show a lot more action than March's, but some indicators may not be what we're expecting to see. Unemployment will rise, but workers who find themselves out of a job may not necessarily find themselves being classified as unemployed. And that's even if they receive JobSeeker payment. This is because a person can only be classified as unemployed if they are actively seeking employment AND are available to work in the reference week. This includes activities like answering a job advertisement and having a job interview. This will be a challenging definition for many out of work people to meet.

The ABS has made it clear that they will not be changing any longstanding definitions to accommodate the impact of COVID-19. This course of action is in line with international standards. However, this will mean that there will ultimately be an undercount of the number of people out of work because of COVID-19. Instead, these workers will end up in the 'not in the labour force' category.

How do we capture workers who are displaced by COVID-19?

What we can expect to see are larger than usual movements in the flows of people being classified as 'employed', 'unemployed' and 'not in the labour force' as the effects of COVID-19 start to work their way through the labour market. Flows of people moving between 'employed' and 'not in the labour force' will likely increase substantially, as workers are reclassified as not participating rather than unemployed to a far greater extent than in any other typical downturn. How far these flows extend beyond usual patterns will give us a more holistic picture of the impact COVID-19 is having on the labour market and how many workers really are out of a job.

What about counting the employed? Will JobKeeper keep them in?

The definition of employment is also likely to be challenged. Workers will still be classified as being employed if they were away for their job for 4 weeks with or without pay but they believed they still have a job to go back to. This includes through the JobKeeper scheme.

This week more than 850,000 Australian businesses had registered an interest in the JobKeeper payment, accounting for around one-third of all Australian businesses. How many of these businesses are employers is still unknown, given that nearly two-thirds of the 2.3 million total businesses are sole traders. But we can expect that the JobKeeper payment will keep more workers in a job and counted as employed even if they are not working. This indicator will be as important a marker of the health of the Australian labour market as before, but also of the relative success of the JobKeeper payment in keeping people attached to their job.

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Table 1: Employment changes - states and territories

The number of employed people in Australia tipped over 13 million in March, just before the onset of major labour market disruptions due to COVID-19. This saw an additional 16,800 people employed in March compared to February, with an almost even split of full and part-time workers making up this total. VIC and QLD added more than half of these workers.

Over the last 12mths the ACT (+4.9%) and TAS (+4.4%) have seen the fastest employment growth, whereas SA saw an overall fall (-0.1%). Employment growth for NSW in the last year has also been relatively weak, growing by just 0.9%. All other states and territories saw employment grow by at least 2%.

Part-time employment continued to well outpace full-time growth – for some states this was up to seven times faster.

Part-time employment grew the fastest in the NT (+9.6%), followed closely by TAS (+8.5%) and WA (+7.0%). NSW was the only state to record negative part-time growth in the last 12mths (-2.7%). Full-time employment growth was under 2% for all states and territories with the exception of the ACT and NSW.

Employed Persons ('000)	Change from:				Change from February 2020 ('000)		Change (%) from March 2019		
	March 2020	February 2020 ('000)	Rank	March 2019(%)	Rank	Full-Time	Part-time	Full-Time	
Australia	13,020.5	▲ +16.8	---	▲ +1.8%	---	+8.8	+8.0	▲ +1.3%	▲ +2.7%
NSW	4,138.1	▲ +2.3	3	▲ +0.9%	7	+6.9	-4.6	▲ +2.5%	▼ -2.7%
VIC	3,454.4	▲ +4.0	2	▲ +2.2%	5	+2.0	+2.0	▲ +1.1%	▲ +4.6%
QLD	2,567.1	▲ +4.9	1	▲ +2.3%	4	-0.7	+5.6	▲ +0.8%	▲ +5.7%
SA	852.0	▲ +1.0	6	▼ -0.1%	8	+0.6	+0.4	▼ -1.6%	▲ +2.9%
WA	1,368.9	▲ +1.7	4	▲ +2.0%	6	+0.7	+1.0	▼ -0.3%	▲ +7.0%
TAS	258.2	▲ +0.6	7	▲ +4.4%	2	-0.4	+0.9	▲ +1.9%	▲ +8.5%
NT	134.3	▲ +0.6	7	▲ +3.2%	3	+0.2	+0.5	▲ +1.5%	▲ +9.6%
ACT	238.7	▲ +1.2	5	▲ +4.9%	1	+1.2	-0.1	▲ +4.7%	▲ +5.5%

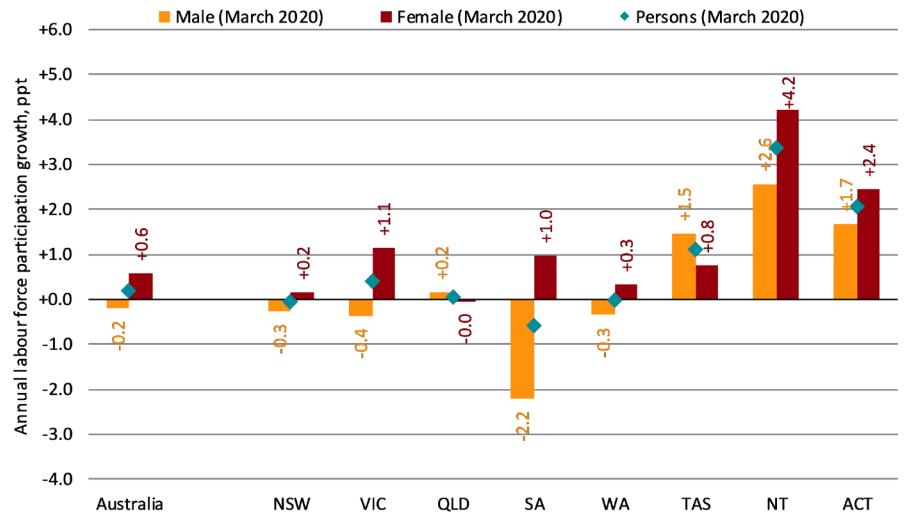
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

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

Nationally, labour force participation continued to rise in March, but only marginally to around 66%. Again, this pattern was driven by increased female labour participation (+0.6pppts to 61.3%) but this was offset by lower participation among men (-0.2pppts to 70.8%).

The largest states almost all saw a decrease in participation in the labour market among men, with SA falling by 2.2pppts to 66.2%. The two territories saw the biggest increases in both female and male labour force participation in the last year, with the younger population likely to be driving some of these patterns.

Labour participation among women also saw the strongest growth in the territories reaching 72.9% in the NT and 68.7% in the ACT.



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

Table 2: Unemployment changes – states and territories

As of early March 2020 there were 713,300 people unemployed in Australia. This figure is likely to double over the coming months as the full impacts of COVID-19 make their way through the labour market and into next month's ABS Labour Force Survey.

On trend figures, the national unemployment rate remained unchanged at 5.2%. Seasonally adjusted figures saw an increase from 5.1% to 5.2%.

The ACT continues to hold the lowest u/e rate at 3.0%, down -0.5pppts since March 2019. NSW had the second lowest u/e rate at 4.7%, but up 0.3pppts over the last year. Vic was the only state

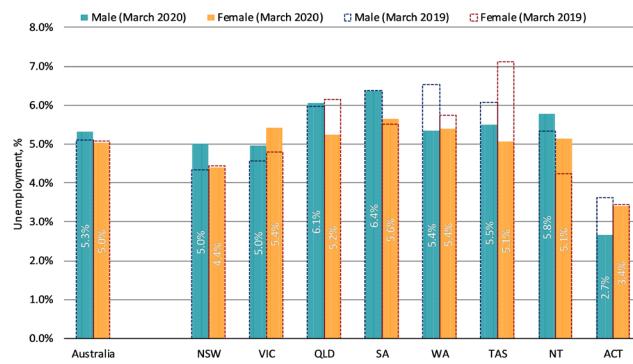
to see their u/e rate rise slightly in March to 5.2%. WA was continuing its positive trajectory, with the u/e rate holding at

5.4%, down 0.8pppts compared to a year ago. This represented over 10,000 fewer u/e people in WA compared to year ago. Qld was also heading towards more positive labour market outcomes, with their u/e rate down 0.4pppts compared to the same time last year, which is around 7,800 fewer unemployed.

Unemployment Rate	Change (ppt) from:				Unemployed ('000)	Change ('000) from:	
	March 2020	Rank	February 2020	March 2019		February 2020	March 2019
Australia	5.2%	--	0.0	▲ +0.1	713.3	▲ +3.5	▲ +27.3
NSW	4.7%	2	0.0	▲ +0.3	204.8	▲ +2.1	▲ +17.2
VIC	5.2%	3	▲ +0.1	▲ +0.5	188.6	▲ +2.5	▲ +22.9
QLD	5.7%	7	▼ -0.1	▼ -0.4	154.1	▼ -2.4	▼ -7.8
SA	6.0%	8	0.0	0.0	54.6	▲ +0.1	▲ +0.4
WA	5.4%	5	0.0	▼ -0.8	77.8	▲ +0.1	▼ -10.4
TAS	5.3%	4	▼ -0.1	▼ -1.3	14.4	▼ -0.2	▼ -3.0
NT	5.5%	6	0.0	▲ +0.7	7.8	0.0	▲ +1.2
ACT	3.0%	1	0.0	▼ -0.5	7.5	0.0	▼ -0.9

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

Figure 2: Unemployment rate by gender – states and territories



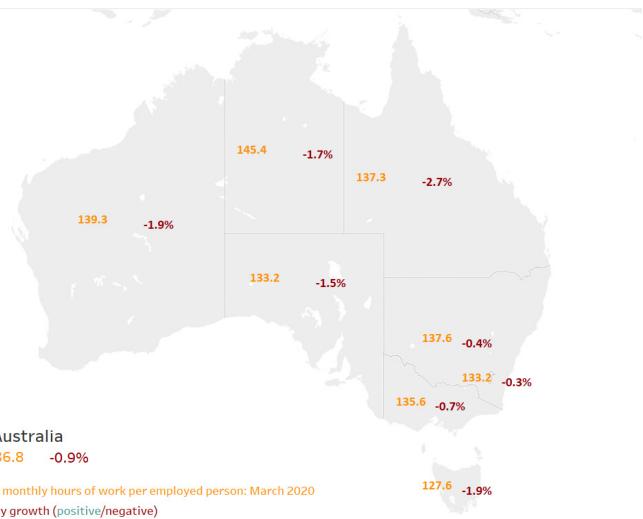
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Notes: Trend values are used.

Over the 12 months to March 2020, the national unemployment rate (u/e rate) among men had increased to 5.3% (+0.2ppt), while among women the national u/e rate remained stable at just over 5%. Male u/e rates increased in half of all states and territories, with NSW seeing the most significant increase (+0.7ppt), followed by the NT and VIC (+0.4ppt each). On the positive side, WA saw a large fall in male u/e rates (-1.2ppt to 5.4%) with the ACT and TAS also seeing significant decreases (-0.9ppt and -0.6ppt respectively).

The u/e rate for women fell in five of the states and territories over the year to March 2020. TAS saw the most significant fall in female u/e rates (-2.1ppt), followed by QLD (-0.9ppt). WA also recorded a substantial fall in female u/e rates (-0.3ppt), and along with TAS was the only region to see notable falls in u/e rates among both genders. The largest increase in female u/e rates was recorded in the NT (+0.9ppt), followed by VIC (+0.6ppt). (+0.9ppt), followed by VIC (+0.6ppt). (+0.6ppt).

Figure 4: Monthly hours of work – states and territories



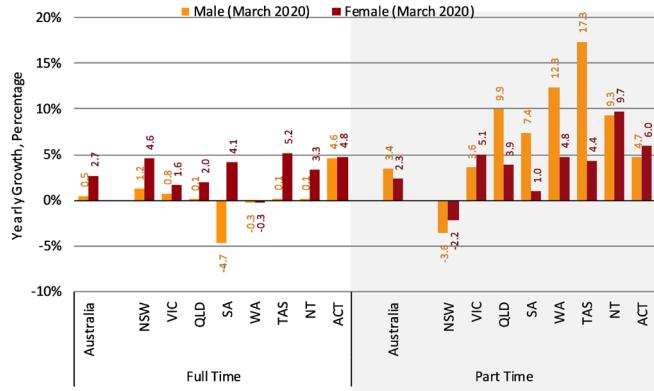
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

According to the latest data released by the ABS, employed Australians worked a total of around 1,782 million hours in March 2020. This equates to employees working an average of 136.8 hours over the month. Compared to this time last year, the number of hours worked per employee has fallen by 0.9%.

This declining trend is evident across all states and territories. QLD has seen the most significant decrease in hours worked (-2.7%), followed by WA and TAS (-1.9% each). The NT, and SA also recorded significant decreases with falls of 1.7% and 1.5% respectively. VIC, NSW and the ACT were the only regions to record decreases lower than the national average, with the ACT seeing the smallest decrease (-0.3%).

The NT continues to record the highest monthly hours worked per employee, at 145.4 each month, followed by WA at 139.3 hours. The lowest number of monthly hours worked per employee was in TAS with 127.6 hours, followed by the ACT and QLD – both with 133.2 hours.

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



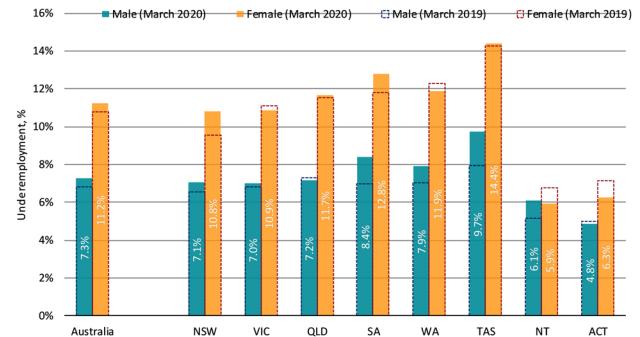
source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Notes: Trend values are used. Figures show growth from March 2019 to March 2020.

Growth in national full-time employment among women (+2.7%) continues to be higher than for men (+0.5%), in the year to March 2020. Higher full-time employment growth among women is visible in all states and territories, with the exception of WA where both genders saw a similar decrease of around 0.3%. The largest growth rates in full-time employment among women were recorded in TAS (+5.2%), the ACT (+4.8%), NSW (+4.6%), and SA (+4.1%). Full-time employment growth for men was only strong in the ACT (+4.7%), and continue to fall strongly in SA (-4.7%).

Growth in national part-time employment shows a different story, with men fairing slightly better (+3.4% compared to +2.3%). NSW was the only state or territory to see a fall in part-time employment for either gender, with men seeing a fall of 3.6%, and women a decrease of 2.2%. TAS saw the strongest growth in part-time employment among men (+17.3%), followed by WA (+12.3%) and QLD (+9.9%). The NT and SA also recorded strong growth in male part-time employment (+9.3% and +7.4% respectively). Part-time employment growth for women was strongest in the NT (+9.6%), followed by the ACT (+6%), VIC (+5.1%), and WA (+4.8%).

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.

The national underemployment ratio has increased by 0.4ppt for both men and women over the year to March 2020. The female underemployment ratio currently sits at 11.2%, still much higher than for males at 6.8%.

At the state and territory level, male underemployment has increased in all states and territories bar QLD and the ACT, which saw marginal decreases of around 0.1ppt each. TAS saw the largest increase in the male underemployment ratio (+1.8ppt), followed by SA (+1.4ppt). WA and the NT also saw significant increases of around 0.9ppt each, with NSW behind them with a 0.5ppt increase.

For women, underemployment has increased in half of all states and territories. The largest increases were seen in NSW (+1.3ppt) and SA (+1ppt). The two territories recorded the largest decreases in the female underemployment ratio (-0.9ppt each), followed by WA (-0.4ppt).



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