

BCEC

Bankwest Curtin Economics Centre

LABOUR MARKET UPDATE

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

Full-time work grows, part-time work falls, but hours worked plummet?

A very curious feature of the recent ABS labour market figures is that seemingly anomalous increase in full-time work, accompanied by a decrease in part-time employment, yet 86 million fewer hours worked in January compared to December.

How can we have more full-time workers but lower overall hours?

There are a couple of explanations. One is the higher number of people taking annual leave and consequently working fewer hours than they normally would. In January, 3.7 million workers worked fewer hours than usual due to taking leave.

But this isn't that much different to previous years, and in fact is a lot lower than many, where it reached over 5 million. It could be that we took more leave than usual, instead of taking one week off, we took two. 2020 was a tough year and by January many of us needed a break.

Another factor contributing to lower hours in January was an increase in people working fewer hours than usual, or no hours at all for 'economic reasons'. This includes having no work, not enough work or being stood down. In January, this rose from 461,000 to 518,000. Most of the increase stemmed from NSW and Victoria.

These two factors provide some explanation for why we are seeing hours fall but full-time employment rise, but they don't necessarily explain it all. It will be important to take a close look at hours in next month's survey.

WA labour market facing significant skill shortage

Employment recovery for WA has fallen since December, reflecting the 13,400 fewer employed over the last month. This is another curious data point given the skills shortages and job vacancy rates reported for the state.

Yet the internet vacancy data index is the highest it has been since 2012 and WA was the clear standout over the month of January, with vacancy rates for every single occupation rising substantially. Job advertisements for labourers, machinery operators and drivers, and technicians and trade workers increased by 10% between December and January in the state. These were the highest of any state.

This signals a significant skills mismatch within the WA labour market, with many of the skills being demanded not able to be filled by the current labour force.

WA's small business community report skills shortages as a significant challenge in our latest [BCEC Small Business Survey](#).

In fact, around four in ten small business owners are having more trouble finding workers now than prior to the pandemic. This was as high as 51 per cent for businesses in the accommodation and food services and manufacturing industries, and 44 per cent in the construction sector – one of the state's biggest employers.

Skills shortages are proving to be especially acute in the Pilbara, where nearly 80 per cent of small businesses finding it hard to source workers, along with more than half of businesses in Goldfields-Esperance and the Kimberley.

Both interstate and international border closures restricting labour mobility, combined with significant stimulus in the construction sector are all likely to be having an impact on these challenges.



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Victoria leads employment growth: part-time work falls

Australia recorded its fourth consecutive month of employment growth in January 2021, with the number of people employed rising by 29,100 (0.2%) to lift the total employed persons in Australia to nearly 12.94 million.

Employment in Australia is only 0.4% lower than January 2020, as the gap between year-to-date employment figures continues to narrow. Once again, full-time jobs drove employment increases in January with 59,000 jobs being added. After showing growth in December, part-time jobs fell in January, decreasing by 29,800.

Changes in employment across the states and territories in January was mixed, with only 4 out of 8 states recording positive employment growth over the month. **VIC was the clear standout in employment growth**, recording 43,600 more workers. In contrast, **WA (-13,400)** recorded the greatest loss in employment over January which ended a 9 month streak of employment gains. **WA was followed closely by SA (-12,200)**, with no other state recording a loss greater than 4,800 (ACT).

Every state and territory in Australia recorded a loss in part-time employment over the month of January, with **NSW (-13,600) and VIC (-11,300) seeing the largest falls**. Part-time employment saw the lowest falls in the ACT (-1,200) and TAS (-1,400). Conversely, full-time growth was largely positive in January, with 5 out of 8 states seeing a rise in full-time employment, with **VIC recording a sizeable 54,900 full-time jobs over the month**, followed by NSW (+12,300) and QLD (+9,300). **On year-to-date measures employment is only 0.4% down nationally**, with part-time employment up by 0.4% and full-time employment down by 0.7%. However, 5 out of 8 states are still below their year-to-date figures in full-time employment and part-time employment, showing that employment recovery is still very much in progress.

Hours recovery plummets: employment recovery steady

The total hours recovered in Australia has plummeted in the month of January, falling to 60%, with total hours worked falling by 86 million between December and January.

The decline in the number of hours worked in January is anomalous with the overall increase in full-time work and decrease in part-time work. The ABS has suggested that the significant fall in hours can be at least partly attributed to a greater number of people taking annual leave over the summer break.

On a positive note, the number of jobs recovered in Australia remained steady over January, with **90% of employment lost since March having since been recovered**. Qld leads the way, with more jobs recovered and Vic has rebounded strongly reaching a 95% employment recovery rate.

Employment recovery for WA has fallen since December, reflecting the **13,400 fewer employed over the last month**. This is a curious data point for the state given the skills shortages and job vacancy rates being reported. The greater number of hours recovered compared to employment for the state is a recurring trend, which again shows fewer workers doing more hours.

Women fully recover full-time employment lost since pandemic

Despite women overtaking men in total employment recovery in December's labour market update, **men have again taken the lead with 96% employment lost recovered compared to 91% for women**.

However, employment recovery for men has been stronger in part-time rather than full-time work. To date, **part-time work among men is 17% higher than it was in March 2020**, whereas only 80% of full-time employment lost has been recovered.

Women have seen stronger recovery in full-time work, reaching 99% in January 2021. In fact, **between October 2020 and January 2021, women gained over 116,000 workers in full-time employment**, in comparison to 62,000 for men.

These increases for both women and men are reflective of the recent shift of the Australian labour market toward full-time employment and recovery in the Victorian labour market.

This strength in full-time employment recovery should be indicative of increasing working hours in the future and a greater overall stability in employment.

Table 1: Employment changes – states and territories: seasonally adjusted

Employed Persons ('000)	Change from:		Change from December 2020 ('000)		Change (%) from January 2020				
	January 2021	December 2020 ('000)	Rank	January 2020(%)	Rank	Full-Time	Part-time	Full-Time	Part-time
Australia	12,939.9	+29.1	---	-0.4%	---	+59.0	-29.8	-0.7%	+0.4%
NSW	4,075.2	-1.2	5	-1.3%	8	+12.3	-13.6	-1.7%	-0.2%
VIC	3,429.4	+43.6	1	-0.5%	5	+54.9	-11.3	-0.3%	-0.9%
QLD	2,582.2	+2.3	3	+1.2%	1	+9.3	-6.9	-1.0%	+6.0%
SA	840.2	-12.2	7	-1.0%	6	-6.7	-5.5	+0.7%	-4.0%
WA	1,366.4	-13.4	8	-0.3%	4	-8.3	-5.2	-0.9%	+1.0%
TAS	257.1	+3.0	2	-0.1%	3	+4.4	-1.4	+2.4%	-4.2%
NT	130.6	+1.4	4	-1.2%	7	+4.3	-2.8	-2.2%	+2.3%
ACT	234.0	-4.8	6	+0.7%	2	-3.5	-1.2	+3.0%	-5.2%

Notes: Seasonally adjusted values are used.

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

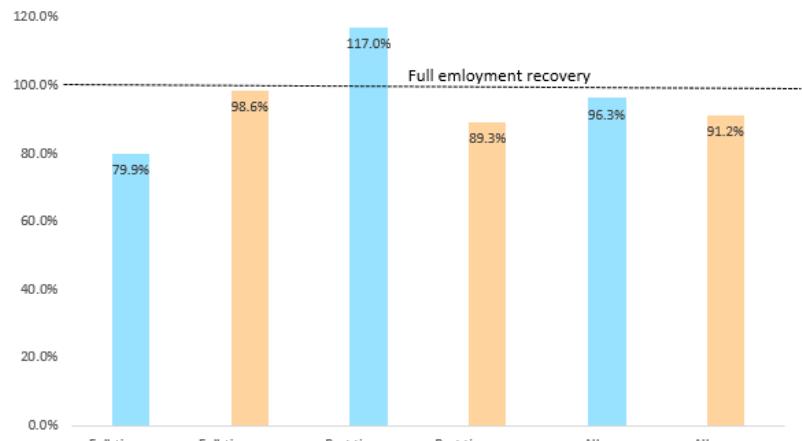
Figure 1: Employment and hours lost and recovered March 2020-January 2021



Notes: Seasonally adjusted values are used.

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

Figure 2: Employment recovered since March 2020: men and women



Notes: Seasonally adjusted values are used.

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

Year-to-date participation rates up for men, down for women

The national labour force participation rate (LFPR) fell by 0.1ppt to 66.1% over the month of January and is up 0.1ppt on year-to-date measures.

Over the year, male participation rates increased in 5 states, with SA (+0.9ppt) and QLD (+0.7ppt) the leaders, followed by VIC (+0.4ppt), NSW (+0.2ppt) and TAS (+0.1ppt). On the other hand, female participation rates fell in 6 out of 8 states, with the largest falls recorded in TAS (-1.1ppt) and SA (-0.8ppt). Notably, the participation rate gap between men and women continues to grow, with the gap reaching 10ppt, up 0.3ppt from last month.

Year-to-date statistics also show that 4 out of 8 states recorded a fall in participation rates, with 2 states (NSW and SA) recording no change. The largest year-to-date participation rate fallers were NT and TAS (-0.5ppt), with only the ACT (+1.1ppt) and QLD (+0.5ppt) recording increases over the year.

Monthly LFPR changes present a similar picture, with 6 out of 8 states recording a decrease in the participation rate, with noticeable decreases being recorded in the ACT (-1.0ppt), WA (-0.8ppt), QLD and SA (-0.4ppt respectively).

Unemployment rate falls again: TAS leads the way

The national unemployment rate (u/e rate) decreased by 0.2ppt for the second consecutive month to 6.4% over the month to January 2021 as full-time employment recovered strongly. The number of unemployed people in Australia has fallen to 877,600, a decrease of 34,300 over the month. Across the states and territories, NSW and QLD were the main contributors to the decrease in the number of unemployed (-15,700 and -15,200 respectively), along with VIC (-6,200), TAS (-3,100) and WA (-2,000) also recording falls.

Six out of 8 states recorded a fall or no change in the unemployment rate in January, continuing the positive nationwide trend of decreasing unemployment. The largest fall in the unemployment rate in January was TAS (-1.1ppt), followed by QLD (-0.5ppt), NSW (-0.4ppt) and VIC (-0.2ppt). SA and the ACT (+0.7ppt) saw the biggest increase in the unemployment rate in January, along with the NT (+0.2ppt). WA remained stagnant over the month with no change.

Less encouragingly, all states have an unemployment rate higher than the January 2020 level, with the national average sitting at 1.1ppt higher. TAS recorded the smallest increase over the year (+0.1ppt), followed by WA (+0.5ppt), the NT (+0.6ppt) and QLD (+0.8ppt). Three states and territories recorded year-to-date unemployment increases over 1ppt, with NSW and the ACT recording the largest increases (+1.5ppt each) followed by SA (+1.4ppt) and VIC (+1.0ppt).

Women drive underemployment fall in January

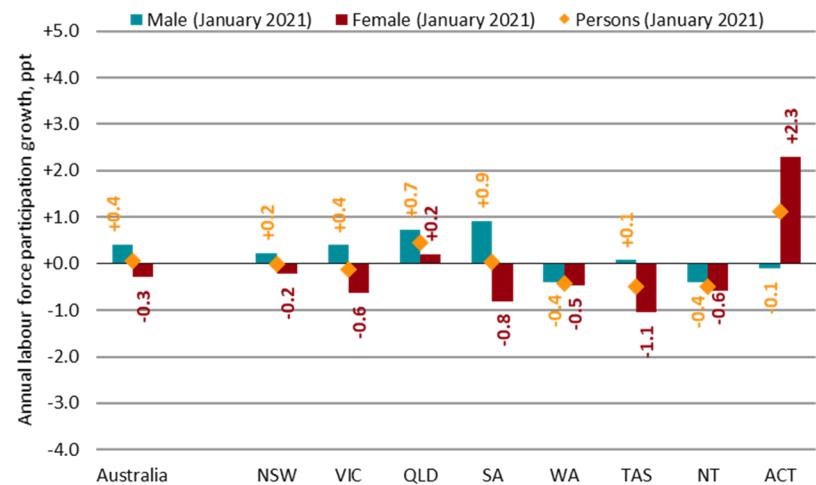
Over the month of January, the national underemployment ratio fell another 0.4ppt to 8.8% nationally, with both men and women recording decreases in underemployment. Women drove the majority of the decline over the month, falling by 0.7ppt in comparison to men with a 0.2ppt fall. The unemployment ratio gap between men and women also fell to 2.8ppt, down 0.5ppt from December.

Over January, women recorded a fall in the underemployment ratio in all states except the NT. SA (-3.4ppt) was the clear leader, with VIC (-1.5ppt) and WA (-1.0ppt) also recording falls above 1ppt. Only the NT (+0.8ppt) recorded an increase in underemployment for women, with QLD recording no change.

For men, the underemployment ratio decreased in 4 states and territories. The largest decreases recorded for men was in TAS (-1.6ppt) and SA (-0.9ppt) followed by other minor falls in NSW (-0.6ppt) and WA (-0.3ppt). The most significant increase for male underemployment was from QLD (+0.8ppt) and the NT (+0.4ppt), along with the ACT recording no change.

Year-to-date measures present a positive picture for underemployment ratios for women, down 1.1ppt from January 2020 and with 7 out of 8 states and territories recording a year-to-date fall. The largest contributors to the year-to-date fall for women were TAS (-3.5ppt) and SA (-3.2ppt), with ACT (-2.0ppt) another notable faller. Only the NT (+1.3ppt) recorded a year-to-date rise in the underemployment ratio for women. Conversely, year-to-date measures for male underemployment were mixed, up 0.3ppt from January 2020 and with 6 out of 8 states recording a rise or no change in the male underemployment ratio. For males, only WA (-2.1ppt) and TAS (-1.2ppt) recorded a fall, with the notable risers being the ACT (+1.5ppt) and the NT (1.4ppt).

Figure 3: Annual change in labour force participation



Notes: Seasonally adjusted values are used.

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

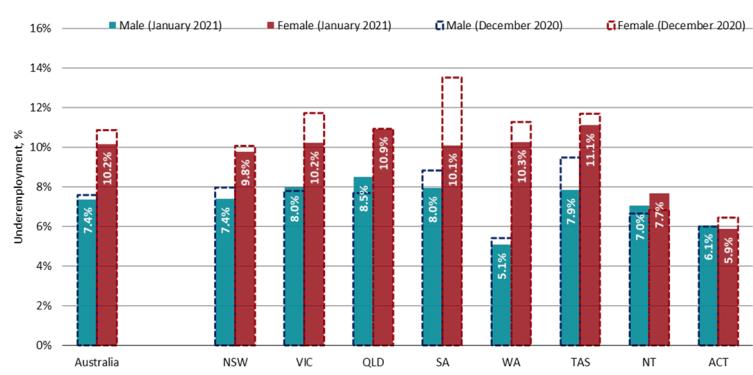
Table 2: Unemployment changes - states and territories

	Unemployment Rate		Change (ppt) from:		Unemployed ('000)		Change ('000) from:	
	January 2021	Rank	December 2020	January 2020	January 2021	December 2020	January 2020	
Australia	6.4%	--	▼ -0.2	▲ +1.1	877.6	▼ -34.3	▲ +156.0	
NSW	6.0%	4	▼ -0.4	▲ +1.5	261.3	▼ -15.7	▲ +67.8	
VIC	6.3%	6	▼ -0.2	▲ +1.0	231.0	▼ -6.2	▲ +37.2	
QLD	7.0%	7	▼ -0.5	▲ +0.8	193.8	▼ -15.2	▲ +25.2	
SA	7.1%	8	▲ +0.7	▲ +1.4	64.1	▲ +6.1	▲ +13.1	
WA	6.2%	5	0.0	▲ +0.5	89.9	▼ -2.0	▲ +6.9	
TAS	5.9%	3	▼ -1.1	▲ +0.1	16.1	▼ -3.1	▲ +0.3	
NT	5.6%	2	▲ +0.2	▲ +0.6	7.8	▲ +0.4	▲ +0.8	
ACT	4.4%	1	▲ +0.7	▲ +1.5	10.7	▲ +1.5	▲ +3.7	

Notes: Seasonally adjusted values are used. Figures show growth from September 2020 to October 2020.

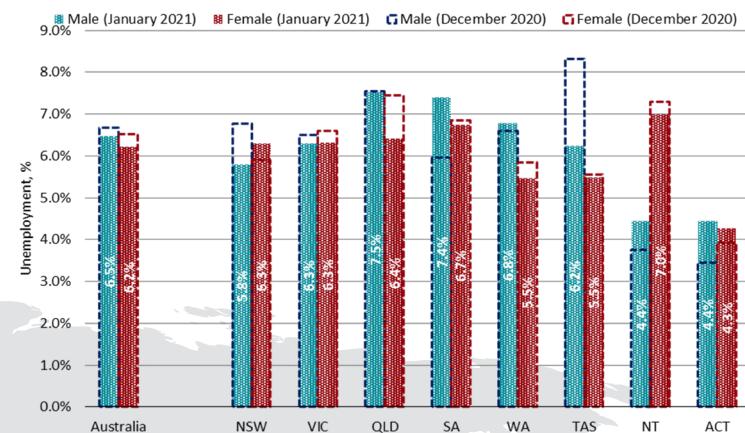
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Figure 4: Underemployment ratio by gender, states and territories



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

Figure 5: National unemployment rate falls, but behind on year-to-date



Notes: Seasonally adjusted values are used.

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

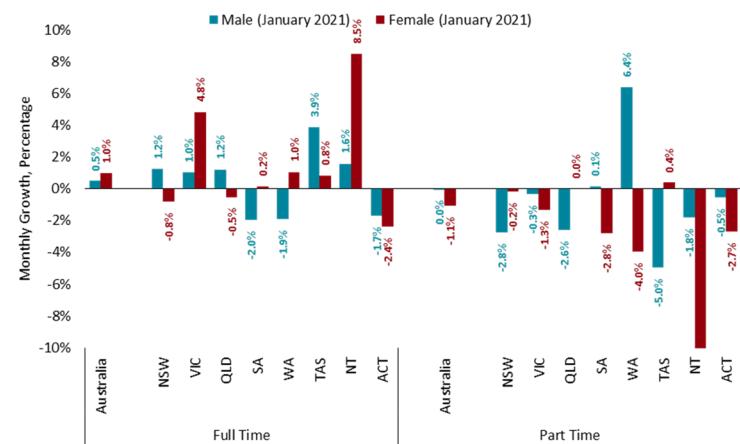
In January 2021, the national u/e rate fell by 0.2ppt to 6.4%, with both men (-0.2ppt) and women (-0.3ppt) recording falls.

Despite recording an overall decrease, male u/e rates rose in 5 out of the 8 states and territories, providing varied results. SA led the risers with a +1.5ppt increase, followed by the ACT (+1.0ppt) and the NT (+0.7ppt). TAS (-2.1ppt) was the notable improver for men, joining NSW (-1.0ppt) and VIC (-0.2ppt) as the only other states to record a decrease in male unemployment.

Encouragingly, unemployment rates for women fell in 6 of the 8 states and territories over the month of January. However, this needs to be contextualized by an overall decline in labour force participation among women. Decreases in the u/e rate for women was very consistent amongst the states and territories, with QLD (-1.0ppt) seeing the largest decline, along with WA (-0.4ppt) and VIC and the NT (-0.3ppt each).

On year-to-date figures, the u/e rate shows that men have seen a 1.1ppt increase in u/e, and women a similar 1.0ppt increase over the same period.

Figure 6: Full-time growth strong; part-time employment falls



Notes: Seasonally adjusted values are used. Figures show growth from December 2020 to January 2021.

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

Full-time employment grew for both men and women in January, with men recording a 0.5ppt increase and women a 1.0ppt increase over the month.

Full-time employment for women increased in 5 out of 8 states and territories, with the NT (+8.5%) a sizeable leader, followed by VIC (+4.8%). For women, the largest fall in full-time employment was recorded in the ACT (-2.4%), with both NSW and QLD (-0.8% and -0.5% respectively) decreasing less than 1% as the remaining fallers.

Men recorded similar growth in full-time employment with 5 out of 8 states also recording increases in full-time employment over January. The strongest recorded growth in full-time employment for men was TAS with a 3.8% increase. Other notable increases include the NT (+1.6%), NSW and QLD (+1.2% each) and VIC (+1.0%). SA and WA (-2.0% and -1.9% respectively) saw the largest decline in full-time employment for men.

The national share of part-time employment fell for women in January, down 1.1%, with male part-time work remaining stagnant. Women saw part-time employment fall in 6 of the states and territories, with NT falling a sizeable 12.9% over January, followed by other large falls in WA (-4.0%) and SA (-2.8%). Only TAS (+0.4%) recorded an increase in female part-time employment. For men, WA (+6.4%) was the clear standout in full-time employment increases over January.

Youth unemployment rises: year-to-date figures remain high

Youth unemployment data for January 2021 shows that the youth unemployment rate has risen 2.0ppt to 15.4% from January 2020, and is also up 1.4ppt over the month. Youth unemployment rates on year-to-date data remains discouraging with 6 out of 8 states and territories recording an increase in youth u/e rates since January 2020. Only NT (-0.5ppt) and QLD (-0.3ppt) recorded a fall in youth u/e rates, with the largest year-to-date increases being seen in SA (+5.9ppt), NSW (+2.8ppt) and VIC (+2.3ppt).

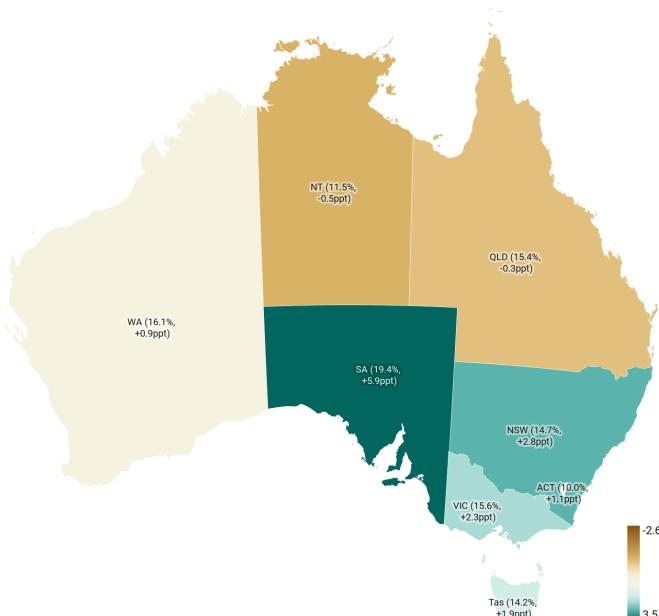
Monthly changes in the youth u/e rate paint a similar picture to the year-to-date figures, with 6 out of 8 states and territories seeing a rise in youth u/e rates in the month of January, with SA having the largest increase (+4.7ppt), followed by WA (+3.0ppt), the ACT (+1.6ppt) and NSW (+1.3ppt), with smaller increases amongst QLD (+1.0ppt) and VIC (+0.8ppt).

Only TAS (-2.3ppt) and the NT (-1.5ppt) recorded monthly decreases in the youth u/e rates across the states and territories. SA now holds the highest youth u/e rate of 19.4%, with WA (16.1%) and VIC (15.6%) trailing not far behind. QLD (15.4%), NSW (14.7%), TAS (14.2%), NT (11.5%) and ACT (10.0%) all recorded youth u/e rates under the national average of 15.4% over the month of January.

The ACT (10.0%) continues to have the lowest youth u/e rate in Australia, but the NT (11.5%) is not far behind.

Figure 7: Youth unemployment - states and territories

Youth unemployment rate - Australia: (15.4%, +2.0ppt)



Source: Bankwest Curtin Economics Centre | Authors' calculations from ABS labour force data • Created with Datawrapper

Average monthly hours worked fall rapidly in January

Average monthly hours worked by Australians decreased considerably over the month to January 2021, falling by 7 hours. Average monthly hours worked per employee nationally now stands at 128.8. The drastic decrease in monthly hours worked has been attributed to a larger share of workers taking leave over the summer break and an increase in people worker fewer than their usual hours for economic reasons.

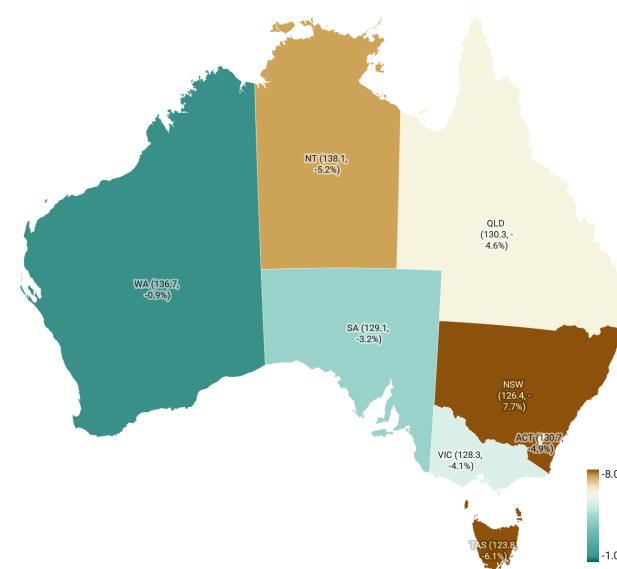
All states and territories saw a decrease in the average monthly hours, with the largest decrease recorded in NSW (-7.7ppt), followed by TAS (-6.1ppt), the NT (-5.2ppt), the ACT (-4.9ppt), QLD (-4.6ppt), VIC (-4.1ppt) and SA (-3.2ppt). Only WA (-0.9ppt) recorded a fall in monthly hours below 1ppt, 2.3ppt lower than the next best state (SA).

The NT continues to have the highest average monthly hours worked per employee through January at 138.1 hours, followed by WA (136.7) and the ACT (130.7). TAS also continues to have the lowest number of average hours worked per month (123.8), followed by VIC (128.3) and SA (129.1) – both of which sit below the national average.

When compared to this time last year, average monthly hours worked are down by 7.3 hours nationwide. Only the NT (+11.6 hours) and WA (+1.8 hours) have recorded a year-to-date increase in average monthly hours.

Figure 8: Monthly hours of work - states and territories

Average monthly hours - Australia: (128.8 hrs, -5.1%)



Source: Bankwest Curtin Economics Centre | Authors' calculations from ABS labour force data • Created with Datawrapper

Demand for labour steady: all states better on year-to-date

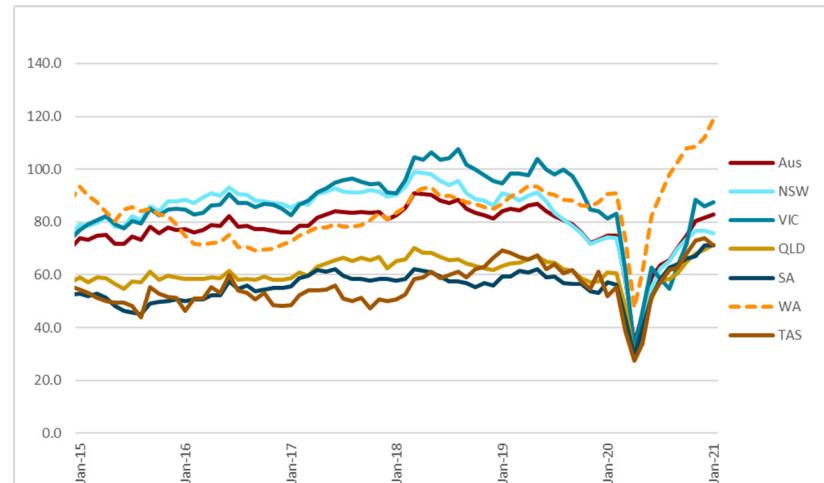
The internet vacancy index, which provides detailed data on newly advertised job vacancies during the month, increased by 1.6% in January 2021. Since the lowest IVI index point of 34.0 in April 2020, the index has now increased consecutively for 9 months, with the index now reaching 83.0 this month, up from 81.7 last month.

These encouraging labour market signs continue when considering that job advertisements are around 4.3% higher (+7,102) than they were before the Covid-19 pandemic – defined as the average IVI over the year to February 2020.

Furthermore, year-to-date figures from the IVI show that job advertisements are 11.1% higher (+17,460) since January 2020 and all states and territories have recorded an increase in job advertisements.

TAS has been the leader, with advertisements increasing 36.6% over the year, followed by WA (31.3%), SA (24.6%), NT (22.6%) and QLD (17.0%) all above the national average of 11.1%. NSW recorded the lowest increase in advertisements over the year at 2.1%.

Figure 9: Change in Internet Vacancy Index



Notes: Seasonally Adjusted values are used. ACT and NT figures not shown.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Government National Skills Commission.

WA leads on job vacancies

There have been mixed results amongst the states and territories in the internet vacancy index between December 2020 and January 2021.

WA (+6%) was the clear leader in internet vacancy index growth this month, followed by VIC and QLD (+2% each). NT (+1%) was the only other territory to record an increase over January, with SA and the ACT both recording no change. TAS (-4%) and NSW (-1%) both saw falls in the internet vacancy index, below the national average of 2%.

Table 3: Change in Internet Vacancy Index (IVI) by occupation

Major Occupation Group	Australia	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Managers	+2%	+1%	+1%	+1%	-3%	+3%	+10%	+10%	+7%
Professionals	-0%	-4%	+3%	-0%	-4%	+4%	+0%	-19%	-3%
Technicians And Trade Workers	+4%	+1%	+3%	+5%	+7%	+10%	-5%	-3%	-8%
Community And Personal Service Workers	+3%	+2%	+1%	+2%	+3%	+3%	+0%	-2%	-2%
Clerical And Administrative Workers	+2%	+1%	+4%	+3%	-7%	+5%	-10%	+16%	+6%
Sales Workers	+1%	-1%	-1%	+5%	+2%	+5%	-7%	-2%	+4%
Machinery Operators And Drivers	+4%	+2%	+5%	+0%	+4%	+9%	-19%	+1%	+11%
Labourers	+2%	-4%	+4%	-2%	+4%	+10%	-3%	+2%	-16%
Total	+2%	-1%	+2%	+2%	+0%	+6%	-4%	+1%	+0%

Notes: Seasonally adjusted values are used. Percentage changes over the month to December 2020. The IVI is constructed using counts of new online job advertisements posted on SEEK, CareerOne and Australian JobSearch each month.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Government National Skills Commission.

Technicians and Trade Workers and Machinery Operators and Drivers are the most in demand occupations in January (+4% each), despite some inconsistency in job advertisements across the various states and territories nation-wide. Community and Personal Service Workers had the third most advertisements over the month (+3%), with minimal increases in all other occupations, including no change for Professionals.

TAS (-4%) and NSW (-1%) were the only states to register a decrease in total job advertisements over the month of January. The decrease in TAS was driven by a large decrease in Machinery Operators and Drivers (-19%) and Clerical and Administrative Workers (-10%), whereas NSW recorded more modest falls, with Professionals and Labourers (-4% each) being the hardest hit. SA and the ACT were stagnant over the month, recording no change in job advertisements, with the ACT having strong volatility amongst occupations, with a large increase in Machinery Operators and Drivers (+11%) and a large fall in Labourers (-16%). The NT also recorded strong volatility, with Clerical and Administrative Workers the clear leader over January (+16%), whilst Professionals (-19%) suffered significantly.

WA was the clear standout over the month of January, with no occupation recording an increase in job advertisements lower than 3%, and seeing large increase in Labourers and Technicians and Trade Workers (+10% each).



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