

# BCEC

Bankwest Curtin Economics Centre

# LABOUR MARKET UPDATE

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

## A national jobs surge...

The release of estimates from the Australian Bureau of Statistics' labour force survey undertaken in February provided promising news across the board. Nationally, there was an unexpectedly large jump in the number of people in employment, up by 88,700, in seasonally adjusted terms. The unemployment rate dropped by one-half of a percentage point from 6.3 per cent to 5.8 per cent, having peaked at 7.5 per cent in July. Most of those new jobs – 74,100 of them – were taken by women, who had been most impacted by the labour market shake out from COVID-19, and all the growth was in full-time jobs. The participation rate was up, total hours worked jumped 6.1 percent and all states and territories saw an increase in employment and a fall in the unemployment rate.

The February set of numbers will have been music to the ears of Federal Treasurer Josh Frydenberg, who is pressing ahead with the termination of JobKeeper wage supplement payments on March 28, and resisting pressure from the tourism sector and other quarters for a more graduated withdrawal of support. March 28 will fall outside of the reference period for the March Survey, so any impact of the end of JobKeeper won't show up until the release of the April figures on 20 May. Hopes of a continued recovery coinciding with the end of the subsidy have been bolstered by the easing COVID-related restrictions around the country.

## ...or false dawn?

Analysts' standard refrain when we see surprises like these in the data used to be "just focus on the trend figures". Unfortunately, the ABS has suspended publication of the trend series given the methodology used to adjust the original figures may be too sensitive to short-term, unsystematic fluctuations resulting from COVID. The ABS has also made changes to how they calculate seasonal factors for the purposes of producing the seasonally adjusted labour force figures.

We'd caution against reading too much into the one month's figures. If we make a year-on-year comparison using the original series, which should be unaffected by seasonal factors or adjustments, it is encouraging to note that employment in February 2021 was marginally higher than in February of last year, just prior to the labour market being affected by the pandemic. Even here, the original estimates have been affected by revisions to the Australian population benchmarks used for extrapolating the sample-based survey estimates, prompted partly by the pause in overseas migration.

## A steadier path for Western Australia

Aside from now having an unemployment rate higher than the national average, signs point to a continued labour market recovery in Western Australia. The state economy generated 1,800 new jobs, driven by much stronger growth in full-time work of 4,000 jobs and pushing the unemployment rate down from 6.2 per cent to 6.0 per cent. There were mixed signals by gender. While all the increase in the number of employed persons was accounted for by women, there was a substantial shift from full-time to part-time work for women, while the reverse was observed for men. Male full-time employment grew by 8,800 while female full-time employment actually fell 4,400. However, it should be noted that the survey reference period included WA's five-day snap lock down following a hotel quarantine security guard testing positive to the highly contagious UK strain of COVID-19. This also impacted the number of hours worked in February, which fell by around 5 per cent as many workers stopped work altogether. While only temporary, this shows just how quickly lockdowns can disrupt employment and the need for a safety net for workers and businesses if they continue.



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## Employment in Australia lifts to over 13 million, full-time growth strong Table 1: Employment changes – states and territories: seasonally adjusted

Australia recorded a fifth consecutive month of employment growth in February 2021, with the number of people employed rising by 88,700 (0.7%) to lift the total employed persons in Australia to just over 13 million for the first time since March 2020.

Employment in Australia has now fully recovered on year-to-date figures, with employment equal with February 2020, which is reflective of the steady decrease in year-to-date employment figures over the last few months. Full-time jobs drove nearly all employment growth in February with a strong 88,700 jobs being added, following on from a 55,000 full-time job increase in January. Part-time employment fell marginally over the month, decreasing by 500 jobs.

An encouraging sign for the labour market is that all states and territories recorded an increase in employment in February, with NSW leading the way with 42,000 new jobs created over the month. VIC and QLD (+26,600 and +23,900 jobs respectively) also contributed strongly to the national employment gains. The smallest rises in employment were seen in NT (+400) and WA (+1,800).

Part-time employment was largely positive across the states and territories in January, with 6 out of 8 states recording an increase in part-time jobs. NSW continued its excellent employment growth over the month with the highest increase in part-time employment (+33,100), followed by VIC (+13,500). In contrast, QLD recorded the largest part-time decrease (-29,900) over the month by a sizeable margin, with WA (-2,200) the only other state to record a fall. Full-time employment was also strong across the states and territories in January, with 6 out of 8 states also recording an increase in full-time jobs. QLD (+53,800) was the clear standout in full-time job creation, accounting for over 60% of the total national rise in full-time jobs. VIC and NSW (+13,200 and +8,900 jobs, respectively) were the other strong risers, with only NT (-2,400) and TAS (-1,900) recording falls in full-time employment in February.

	Employed Persons ('000)	Change from:				Change from January 2021 ('000)		Change (%) from February 2020		
		February 2021	January 2021 ('000)	Rank	February 2020 (%)	Rank	Full-Time	Part-time	Full-Time	Part-time
Australia	13,006.9	+88.7	---	---	+0.0%	---	+89.1	-0.5	▲+0.1%	▼-0.2%
NSW	4,113.1	+42.0	1	▼	-0.4%	4	+8.9	+33.1	▼-1.7%	▲+2.6%
VIC	3,439.3	+26.6	2	▲	+0.1%	2	+13.2	+13.5	▲+0.6%	▼-0.8%
QLD	2,603.8	+23.9	3	▲	+1.3%	1	+53.8	-29.9	▲+2.3%	▼-0.7%
SA	847.4	+6.6	4	▼	-0.6%	5	+3.1	+3.5	▲+1.5%	▼-4.2%
WA	1,369.4	+1.8	7	▼	-0.9%	7	+4.0	-2.2	▼-0.9%	▼-0.9%
TAS	261.2	+3.8	5	▼	-0.2%	3	-1.9	+5.7	▲+1.0%	▼-2.1%
NT	131.1	+0.4	8	▼	-1.8%	8	-2.4	+2.8	▼-4.8%	▲+9.2%
ACT	236.1	+2.7	6	▼	-0.7%	6	+2.0	+0.7	▲+1.3%	▼-6.2%

Notes: Seasonally adjusted values are used.

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

## Hours and jobs recovery rebounds strongly in February

The total hours recovered since March 2020 in Australia has rebounded strongly to 96% in February, an increase of 36ppt over the month, after suffering a drastic fall in the month of January as a result of a higher-than-normal amounts of annual leave being taken last month. All states, excluding WA, recorded an increase in hours recovered in February, as QLD and NSW (+55ppt and +47.2ppt, respectively) recorded staggering gains. Notably, QLD, SA, NSW and TAS have fully recovered the hours lost since the beginning of the pandemic in March 2020.

Conversely, WA (-17.9ppt) recorded a large fall in hours recovered over the month, which is anomalous with the sizeable increases in hours recovered across the states.

The trend of steady job recovery in Australia has continued in February, with jobs now fully recovered on year-to-date figures at 101%. Noticeably, QLD and TAS (118% and 110% respectively) have fully recovered the jobs lost to the pandemic, and all other states excluding SA (85%) have a jobs recovery rate of over 90%, which is highly encouraging. This strong job recovery across all states in Australia highlights the resilience of the Australian labour market in response to the challenges posed by the pandemic over the past year.

Notably, both QLD and TAS have now fully recovered both hours and jobs, with NSW also closing in on achieving full recovery. The balance between jobs and hours recovered across the states is mixed, with SA, QLD and NSW all recording a higher level of hours recovered, and TAS, WA and VIC recording a greater proportion of jobs recovered.

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



Notes: Seasonally adjusted values are used.

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

## Women fully recover employment as full-time work surges

Women have now fully recovered the jobs lost since the pandemic, increasing 14ppt to 105% in the month of February to once again overtake men. Job recovery for men remained relatively stagnant over the month, increasing 1ppt to 97%.

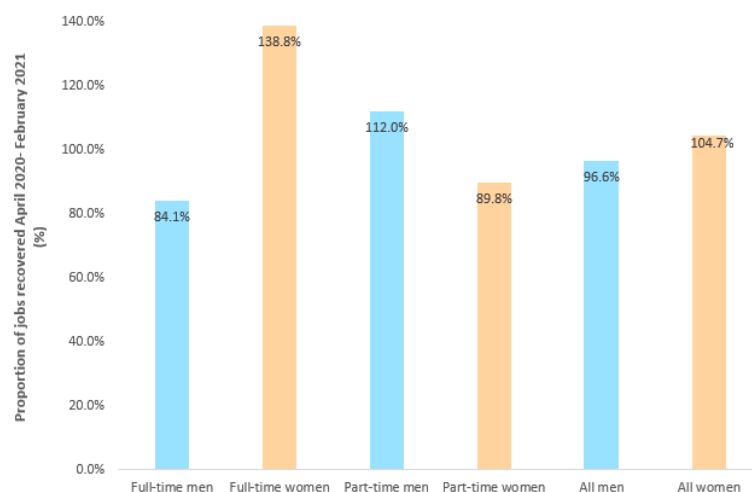
The main driver for jobs recovery for women has been a drastic increase in full-time employment, rising by a staggering 40ppt to 139% over the month of February, equating to a total of 64,100 additional full-time jobs for women.

This increase in full-time employment for women continues a strong trend of growth which has seen a total increase of over 180,400 full-time jobs for women dating back to October 2020. In contrast, recovery in full-time work for men increased 4ppt to 84%, recording 73,000 additional full-time jobs over the same period.

These increases in full-time work continue to reflect the shift of the Australian labour market away from part-time work as well as the continued recovery of the Victorian labour market and the strong growth in the Queensland labour market. Increases in full-time work signals greater stability in employment, especially for women who typically undertake a higher proportion of part-time work.

In contrast, part-time work saw modest growth in February, remaining stagnant at 90% recovery for women and increasing 4ppt to 84% for men over the month.

## 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

Participation rates for women rise, fall for men

The national labour force participation rate (LFPR) remained at 66.1ppt over the month of February and is up 0.2ppt on year-to-date measures. Over the month, there was a 0.3ppt increase in participation rates for women, but this was counterbalanced by a 0.2ppt decrease in male participation rates.

Over the month, participation rate growth for women was strong, recording increases in 6 out of the 8 states and territories. NSW (+0.7ppt), TAS (+0.5ppt) and SA (+0.4ppt) were the leaders, with WA remaining stagnant and NT (-0.7ppt) recording the sole decrease in female participation rates over the month.

In contrast, men recorded participation rate decreases in QLD (-0.4ppt), WA and VIC (-0.1ppt each), with the largest increases coming from TAS and the ACT (+0.9ppt each). Encouragingly, the participation rate gap between men and women has narrowed 0.5ppt to 9.6ppt, reversing a recent trend which saw the participation rate gap widening.

Over year-to-date figures, both male and female participation rates are up 0.2ppt, which is an encouraging sign for the Australian labour market. For women, participation rates were up over the year in NSW and QLD (+0.6ppt each) as well as VIC (+0.2ppt), with notable decreases in NT (-1.7ppt), SA (-0.9ppt) and WA (-0.5ppt). Men recorded their largest participation rate increases in TAS and the ACT (+0.9ppt each), whilst recording decreased in each of QLD (-0.4ppt), VIC and WA (-0.1ppt each).

All states record a fall in unemployment rate

The national unemployment rate (u/e rate) decreased by 0.5ppt to 5.8% over the month to February 2021. The number of unemployed people in Australia has fallen to 805,200, a decrease of 69,900 over the month.

The positive nationwide trend of decreasing unemployment continued to gather momentum in February, with all states and territories recording a decrease in the unemployment rate over February. VIC (-23,600) was the leader, followed by QLD (-23,500) who recorded a second strong month of unemployment decreases. NSW (-15,400) was the other noticeable faller, with all other states and territories recording falls less than 2,100.

These encouraging signs are being driven by an appreciable increase in full-time work both for men and women as well as stable growth in part-time work.

All states and territories except the NT continue to have a higher unemployment rate higher than the year-to-date level, with the national average sitting at 0.7ppt higher. The NT recorded the sole decrease over the year (-0.9ppt). The lowest year-to-date unemployment rises were recorded in VIC (+0.3ppt) and QLD (+0.5ppt), with the largest increases recorded in ACT (+1.4ppt), SA (+1.1ppt) and NSW (+1.0ppt), all larger than the national average.

Underemployment rises in February, led by WA

Over the month of February, the national underemployment ratio rose 0.3ppt to 8.5% nationally, with both men and women recording increases in the underemployment rate.

The men's underemployment rate rose 0.4ppt to 7.8% over the month, with women recording a similar 0.3ppt increase for a 10.5% underemployment rate. The unemployment ratio gap continued to narrow marginally between men and women in February, falling to 2.7ppt, down 0.1ppt from January.

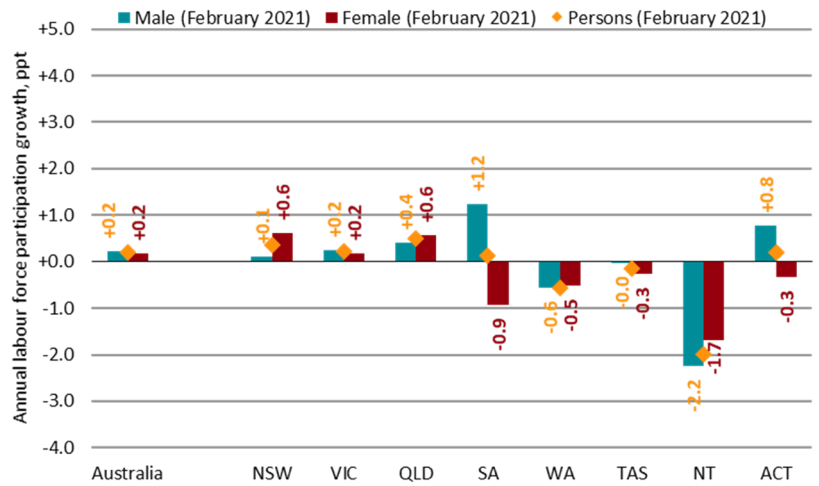
Despite women recording a rise in the underemployment rate in February, 5 out of 8 states recorded a fall in underemployment. This was led by decreases in the NT (-2.2ppt), the ACT (-1.1ppt) as well as minor falls below -1.0ppt in NSW, QLD and TAS. The significant risers in the underemployment rate for women were WA (+1.8ppt) and SA (+1.0ppt).

In contrast, the underemployment ratio for men amongst the states and territories was mixed, with 4 out of 8 states recording an increase. WA (+1.7ppt) recorded the highest increase, followed by VIC (+0.7ppt), NSW and TAS (+0.7ppt each). The largest decreases in underemployment in February were recorded in the NT (-3.0ppt) and QLD (-1.7ppt).

WA and VIC both contributed to the national rise in underemployment in February, with both states recording increases in the underemployment ratio for both men and women over the month, whilst the NT and the ACT both recorded decreases in underemployment for men and women.

Year-to-date measures continue to present a positive picture for underemployment ratios for women, down 1.0ppt from February 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 (-4.3ppt) and NSW (-1.9ppt). Only WA (+0.7ppt) recorded a year-to-date rise in the underemployment ratio for women. Conversely, year-to-date measures for male underemployment were less encouraging, up 0.9ppt from February 2020 and with 5 out of 8 states recording a rise or no change in the male underemployment ratio, with the NT and WA (-1.1ppt and 0.8ppt respectively) leading the fallers, with VIC (+2.1ppt) and the ACT (+1.5ppt) the leaders.

Figure 3: Annual change in labour force participation



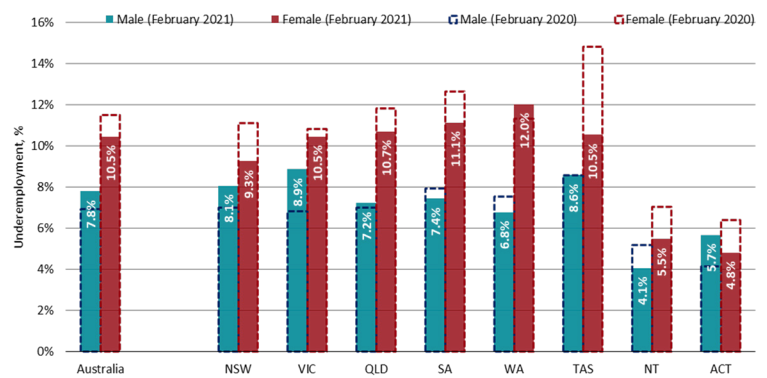
Notes: Seasonally adjusted values are used. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Table 2: Unemployment changes - states and territories

Region	Unemployment Rate	Rank	Change (ppt) from:		Unemployed ('000)	Change ('000) from:	
			January 2021	February 2020		February 2021	January 2021
Australia	5.8%	--	▼ -0.5	▲ +0.7	805.2	▼ -69.9	▲ +109.5
NSW	5.6%	3	▼ -0.4	▲ +1.0	245.4	▼ -15.4	▲ +47.7
VIC	5.6%	4	▼ -0.7	▲ +0.3	205.7	▼ -23.6	▲ +15.2
QLD	6.1%	7	▼ -0.9	▲ +0.5	170.0	▼ -23.5	▲ +18.1
SA	6.8%	8	▼ -0.3	▲ +1.1	62.2	▼ -1.9	▲ +10.5
WA	6.0%	6	▼ -0.2	▲ +0.8	87.9	▼ -2.0	▲ +11.8
TAS	5.7%	5	▼ -0.2	▲ +0.8	15.6	▼ -0.4	▲ +2.0
NT	4.9%	2	▼ -0.7	▼ -0.9	6.8	▼ -1.0	▼ -1.4
ACT	4.1%	1	▼ -0.3	▲ +1.4	10.0	▼ -0.7	▲ +3.3

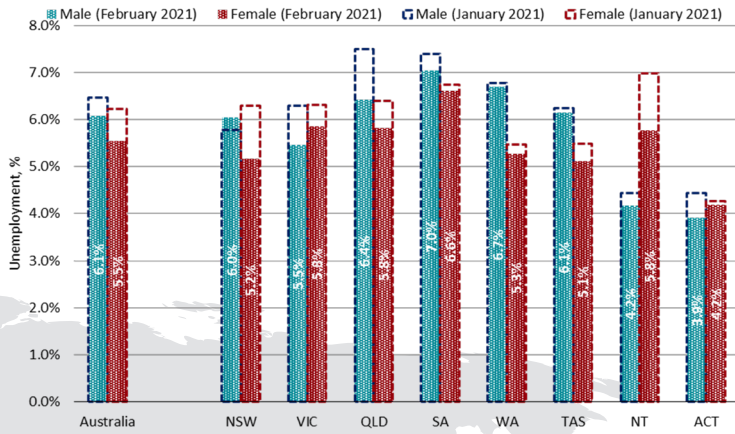
Notes: Seasonally adjusted values are used. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Figure 4: Underemployment ratio by gender, states and territories



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

Figure 5: Unemployment rate falls in all states



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

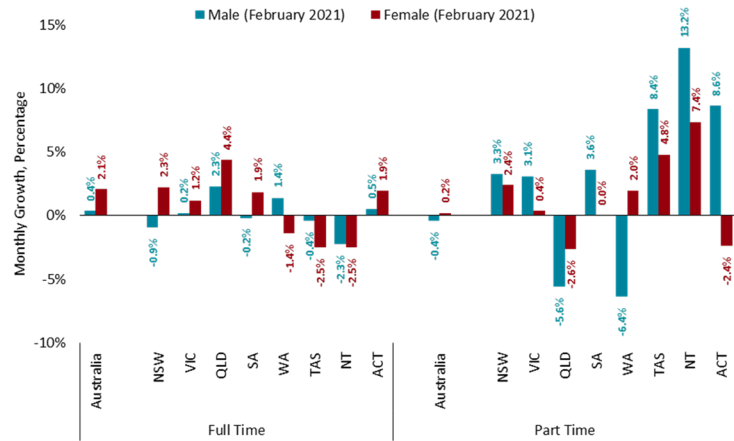
In February 2021, the national u/e rate fell by 0.5ppt to 5.8%, with both men (-0.4ppt) and women (-0.7ppt) both recording falls in the national u/e rate.

Unemployment rates for women fell in all of the states and territories over the month of February. Decreases in the u/e rate for women remained consistent amongst the states and territories, with NT and NSW (-1.2ppt and -1.1ppt respectively) the largest fallers, along with QLD (-0.6ppt) and VIC (-0.5ppt). The remaining states recorded falls in unemployment of under 0.5ppt.

Similarly, 7 out of 8 states and territories recorded a fall in the male unemployment rate in February. QLD (-1.1ppt) and VIC (-0.8ppt) recorded the most notable decreases, with NSW the only state (+0.3ppt) to record an increase over the month.

In year-to-date figures, the u/e rate shows that males have a 0.9ppt increase from February 2020, and women recorded a 0.6ppt increase over the same time. For women, no states recorded an improvement on year-to-date u/e figures, and for men, only the NT showed improvement on year-to-date statistics.

Figure 6: Full-time growth strong; mixed year-to-date results



Notes: Seasonally adjusted values are used. Figures show growth from January to February 2021. ACT and NT values are generally more volatile than other states.  
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Once again, the national share of full-time employment grew for both men and women in February, with women recording a sizeable 2.4ppt increase and men recording a 0.4ppt increase. Full-time employment for women increased in 5 out of 8 states and territories, with QLD (+4.4%) a sizeable leader, followed by NSW (+2.3%) and SA (+1.95%) driving the encouraging growth. For women, the largest fall in full-time employment was recorded in TAS and the NT (-2.5% each).

Employment growth for men across the states and territories was mixed with 4 out of 8 states recording an increase in full-time employment over February. The strongest recorded growth in full-time employment for men was QLD with a 2.3% increase, with WA (+1.4%) the only other riser over 1ppt. The NT and NSW (-2.3% and -0.9% respectively) had the largest falls in full-time employment for men.

Additionally, part-time employment rose 0.2% for women and fell 0.4% for men in February.

Year-to-date figures are mixed for both full-time and part-time employment. Full-time employment is down 0.9% for men and up 1.6% for women over the year to February 2021. In contrast, part-time work is up 2.9% for men and -1.6% for women over the year-to-date.

Youth unemployment falls strongly

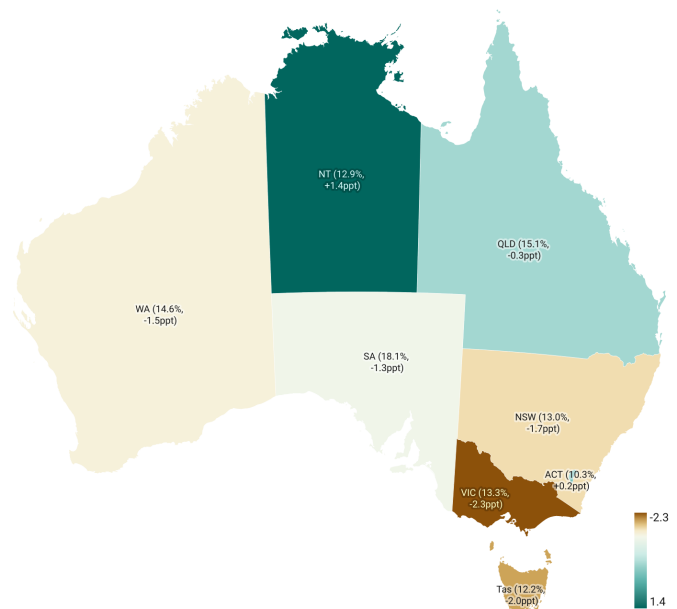
The national youth unemployment rate has fallen 1.5ppt to 14.0% over the month to February 2021, and is also up 0.8ppt on year-to-date figures. 6 out of 8 states and territories recorded a fall in youth u/e rates, with VIC (-2.3ppt) and TAS (-2.0ppt) leading the way. Only the NT (+1.4ppt) and the ACT (+0.2ppt) recorded an increase in youth u/e rates in February.

SA continues to have the highest youth u/e rate at 18.1ppt, followed by QLD (15.1ppt) and WA (14.6ppt). The lowest youth u/e rate once again belongs to the ACT (10.3ppt), with NT (12.9ppt) following behind.

Youth unemployment rates in year-to-date data are beginning to show signs of encouragement with 4 out of 8 states and territories recording a decrease in youth u/e rates since February 2020. The best performing year-to-date youth u/e rates include the NT (-0.8ppt) and TAS (-0.7ppt), with SA (+4.7ppt) and the ACT (+3.2ppt) still lagging far behind year-to-date figures.

Figure 7: Youth unemployment - states and territories

Youth unemployment rate - Australia: (14.0%, -1.5ppt)



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

## Average monthly hours worked rebounds in February

The number of average monthly hours worked by Australians was restored in February 2021, rising by 7 hours. The average monthly hours worked per employee nationally now stands at 135.8. The strong rise in monthly hours is due to a return to work for many Australians who had taken annual leave over the summer break.

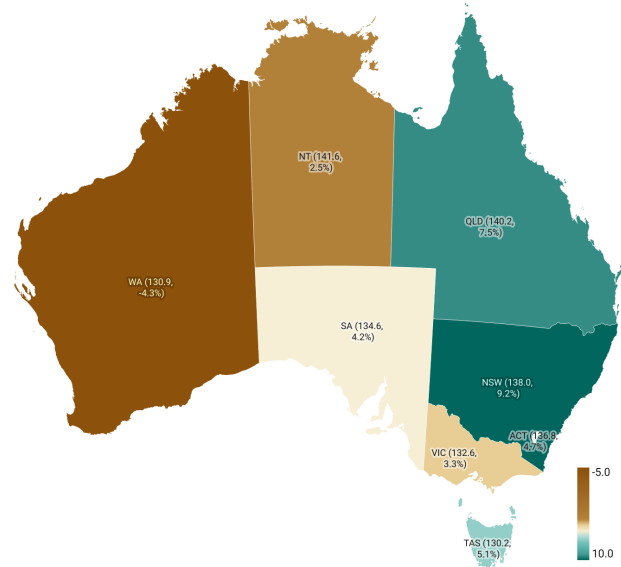
All states and territories saw an increase in the average monthly hours worked except WA, with the largest rises recorded in NSW (+11.6 hours), followed by QLD (+9.8 hours), TAS (+6.3ppt) and the ACT. Only WA (-5.9 hours) recorded a fall in monthly hours, which is anomalous when considering the sizeable increases in monthly hours worked in all other states and territories.

The NT continues to have the highest average monthly hours worked per employee through January at 141.6 hours, followed by NSW (138.0 hours) and the ACT (136.8 hours). TAS also continues to have the lowest number of average hours worked per month (130.2), with WA trailing only marginally behind at 130.9 hours worked.

When compared to this time last year, average monthly hours worked are up by 0.2 hours nationwide, which is encouraging. 5 out of 8 states are up on year-to-date figures, with TAS (+5.1ppt) and ACT (+2.9ppt) leading the way. The noticeable faller from year-to-date figures is WA, down 4.8ppt from February 2020.

## Figure 8: Monthly hours of work - states and territories

Average monthly hours - Australia: (135.8 hrs, 5.4%)



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



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