

BCEC

Bankwest Curtin Economics Centre

LABOUR MARKET UPDATE

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

Australia reaches full employment recovery...

It's taken a year, but we can now safely say that there are more people employed today in Australia than 12 months ago and that Australia was the first advanced economy to achieve this.

In March, the labour force added another 70,000 workers, taking the number of employed to just over 13 million, some 74,000 more workers than there was a year ago in March 2020. This is the sixth consecutive month that employment growth has been positive nationally.

Hours have also recovered strongly and are above pre-pandemic levels, participation rates have reached an all-time high, youth unemployment continues to fall and underemployment levels are edging closer to pre-pandemic levels.

... But there are still some 50,000 fewer full-time men employed today than a year ago and to date only 82% of full-time jobs for men have been recovered.

Women on the other hand have seen significant full-time employment growth, with current levels 27% higher than a year ago.

Will men recover full-time work lost?

Possibly, but as we're also seeing underemployment fall for men at the same time, it may be that the pandemic has accelerated an underlying shift in work preferences. Our [future of work report](#) showed that while part-time work is still less likely for men, there has been a four-fold increase over the last four decades and a big increase in the reason for part-time work being a preference for working this way.

But lower rates of full-time employment recovery among men also signal residual weaknesses in the economy and in particular sectors, and on year-to-date measures the male underemployment rate is still much higher than a year ago. These trends may be flushed out as Victoria fully recovers, but this will be an important indicator to keep track of in the months ahead.

Skills shortages likely to place pressure on wages

So with all of these healthy signs in the labour market will we see greater pressure on wages? The latest internet vacancy index released yesterday would suggest so, with labour demand reaching a 12-year high.

In fact, job advertisements are 96% (+117,185) higher than they were a year ago and every state and territory has recorded a significant increase in job advertisements since March 2020.

What type of workers are employers looking for? All occupations are in significant demand across most states and territories, with increases in job advertisements for labourers through to managers up by around 20% in the last month alone.

This is good news, but for it to be even better news, there needs to be a match between those looking for work and employers needing workers. We've seen already that there have been significant skills shortage pressures placed on areas of the economy like construction, agriculture and mining, but these are starting to extend to other sectors of the economy.

Western Australia in particular is being challenged by skills shortages, and in the last month alone job advertisements have increased for sales workers by 35% and clerical and administrative services by 30% - some 10 percentage points higher than national trends.

This will no doubt increase the pressure on the very sluggish wage growth we've been experiencing for some time now, but it can also slow businesses and productivity down if too severe.



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Employment in Australia rises for sixth consecutive month

Australia recorded a sixth consecutive month of employment growth in March 2021, with the number of people employed rising by 70,700 (0.6%) as the total number of employed persons in Australia continues to rise steadily above 13 million. The increase in employed persons follows February's strong employment growth (+88,700).

Impressively, employment in Australia has now exceeded its year-to-date figures, with over 74,000 more employed persons (0.6%) than March 2020. In March, part-time jobs drove nearly all employment growth with 91,500 jobs being added, bouncing back from a part-time job fall in February. In contrast, full-time employment took a fall over the month of March, decreasing by 20,800 after recording an 89,100 increase in February.

5 out of 8 states and territories recorded an increase in employment

over the month to March, with WA leading the way with 32,600 new jobs created over the month, as the WA economy continues to forge ahead. QLD and VIC (+23,300 and +14,600 jobs respectively) also contributed strongly to the national employment gains for the second month running. Only SA (-600), the NT and ACT (-1,600 and -2,700 jobs respectively) recorded marginal falls in employed persons in the month.

Part-time employment growth was concentrated amongst particular states and territories in March, with NSW (+39,200) and WA (+26,300) accounting for nearly three-quarters (72%) of nationwide part-time employment increases over the month. VIC and NSW (+10,900 and +7,400 jobs respectively) were the other states to record growth in part-time employment. The largest decline in part-time employment over the month was the NT (-2,000), with the remaining states recording falls of less than 1,500 part-time jobs. Full-time employment was mixed across states and territories in March, with only 4 out of 8 states recording an increase in full-time jobs. NSW (+7,200) and WA (+6,300) were the leaders in full-time employment growth, while QLD (-15,900) suffered the greatest fall along with VIC (-4,700).

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

| | Employed Persons ('000) | Change from: | | | | Change from February 2021 ('000) | | Change (%) from March 2020 | |
|-----------|-------------------------|--------------|----------------------|---------|----------------|----------------------------------|-----------|----------------------------|-----------|
| | | March 2021 | February 2021 ('000) | Rank | March 2020 (%) | Rank | Full-Time | Part-time | Full-Time |
| Australia | 13,077.6 | +70.7 | --- | ▲ +0.6% | --- | -20.8 | +91.5 | ▲ +0.0% | ▲ +1.9% |
| NSW | 4,127.8 | +14.6 | 3 | ▲ +0.1% | 4 | +7.2 | +7.4 | ▼ -2.2% | ▲ +5.6% |
| VIC | 3,445.4 | +6.2 | 4 | ▲ +0.1% | 4 | -4.7 | +10.9 | ▲ +1.2% | ▼ -2.3% |
| QLD | 2,627.1 | +23.3 | 2 | ▲ +2.4% | 1 | -15.9 | +39.2 | ▲ +2.1% | ▲ +3.2% |
| SA | 846.8 | -0.6 | 6 | ▼ -1.2% | 6 | -0.3 | -0.3 | ▲ +0.9% | ▼ -4.9% |
| WA | 1,402.0 | +32.6 | 1 | ▲ +2.0% | 2 | +6.3 | +26.3 | ▼ -0.2% | ▲ +6.6% |
| TAS | 261.6 | +0.4 | 5 | ▲ +1.1% | 3 | +1.9 | -1.4 | ▲ +3.9% | ▼ -3.1% |
| NT | 129.5 | -1.6 | 7 | ▼ -4.9% | 8 | +0.5 | -2.0 | ▼ -4.7% | ▼ -5.7% |
| ACT | 233.4 | -2.7 | 8 | ▼ -2.3% | 7 | -2.0 | -0.7 | ▲ +0.1% | ▼ -8.4% |

Notes: Seasonally adjusted values are used.

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

Australia reaches full job and hours recovery

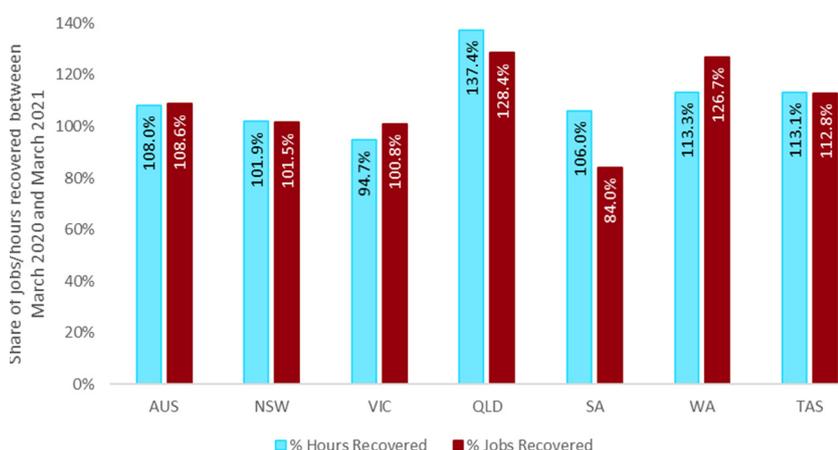
Australia has recovered over 108% of jobs and hours since the onset of the pandemic in March 2020. Hours recovered have seen a similar trajectory, and total hours are now 8% higher than a year ago.

All states, excluding VIC (94.7%), have now fully recovered the hours lost since the beginning of the pandemic in March 2020. Noticeably, WA recorded a massive 44.4ppt increase in hours recovered over the month, driven by the easing of lockdown restrictions at the beginning of February. Total hours worked in the state are now 13% higher than they were a year ago. QLD continues to lead the nation in hours recovered with over 137% of hours recovered since March 2020.

The trend of steady job recovery in Australia has continued in March, with jobs recovery now climbing to 108% and 7 out of 8 states recording an increase in jobs recovered. QLD and TAS (128% and 113% respectively) remain the only states to have fully recovered jobs lost to the pandemic, however all other states excluding SA (85%) have a jobs recovery rate exceeding 95%, which is encouraging.

Notably, WA and NSW join both QLD and TAS in having fully recovered both hours and jobs lost to the pandemic, with VIC also closing in on achieving full recovery. Furthermore, the balance between jobs and hours recovered across the states has stabilised with SA (22ppt difference) having the largest disparity in jobs and hours recovered.

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



Notes: Seasonally adjusted values are used.

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

Full-time work for women surges but is slower for men

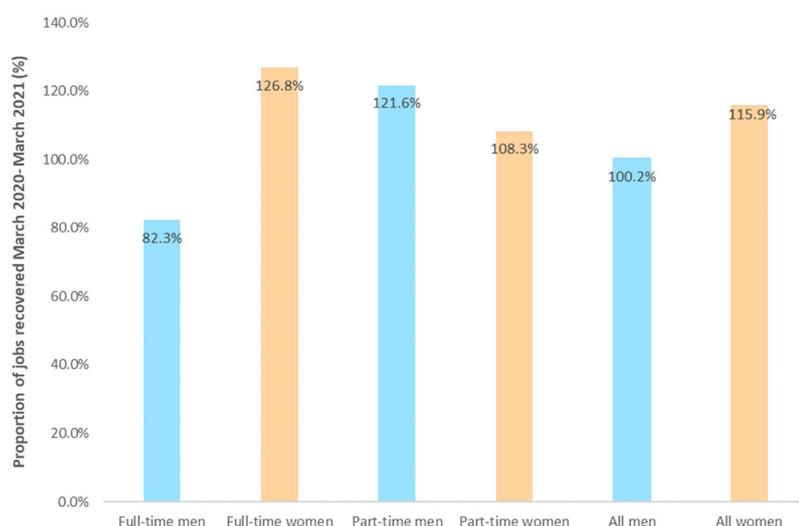
Men have now fully recovered the jobs lost since the pandemic, increasing 3.6ppt to 100% in the month of March, however full-time employment recovery still has some way to go before it reaches pre-pandemic levels.

Job recovery for women also continued to be strong, rising over 10ppt to 116% in March. Employment among women is now 16% higher than it was a year ago, and full-time employment for women more than 20% higher.

After recording stagnant part-time employment growth in the month of February, men saw a 9.6ppt (+20,900) increase in part-time employment driving growth over the last month. Women saw a staggering 18.5ppt increase in part-time jobs, equating to an additional 70,500 part-time jobs in March.

The fall in full-time employment for women over the month of March went against the strong trend of growth in full-time employment which dated back to October 2020. However, over the period from October 2020 to March 2021, women have still seen an increase of over 165,000 full-time jobs.

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 rate rises to historic high

The national labour force participation rate (LFPR) has risen 0.2ppt to 66.3ppt over the month of March and is up 0.3ppt on year-to-date measures. This is the highest the labour force participation has ever been.

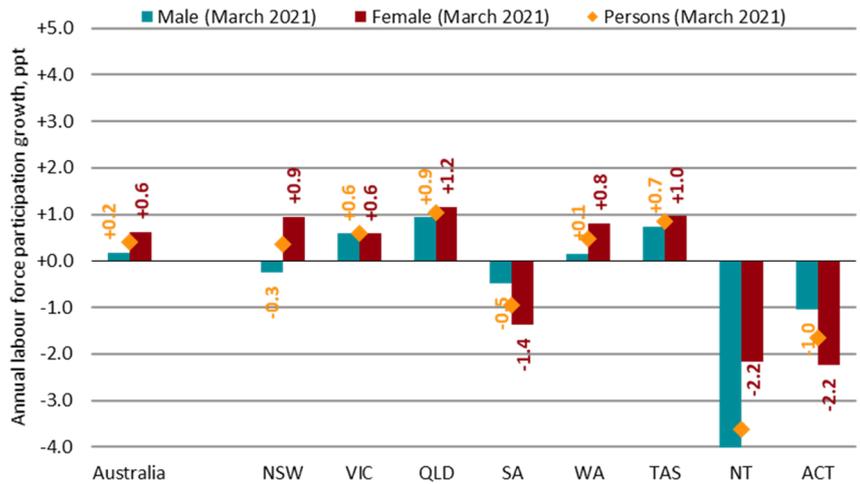
Over the year, men saw a 0.2ppt increase in participation rates and women saw a sizeable 0.6ppt growth in the participation rate. Nationally, the participation rate among women is the highest ever recorded and stands at 61.8%.

Five out of the eight states and territories saw women's participation rates increase with QLD (+1.2ppt), NSW (+0.9ppt), and TAS (+1.0ppt) the leaders. Only the two territories and SA saw participation rates fall among women over the last 12 months.

Similarly, men recorded the strongest participation rate increases in QLD (+1.2ppt) and TAS (+1.07ppt, followed by NSW (+0.9ppt) and WA (+0.8ppt each), with the largest declines in the two territories and SA.

Furthermore, the participation rate gap between men and women has fallen yet again in March, narrowing 0.4ppt to 9.2ppt.

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

WA unemployment falls below pre-pandemic levels

The national unemployment rate (u/e rate) decreased by 0.2ppt to 5.6% over the month to March 2021. The number of unemployed people in Australia has fallen to 778,100, a decrease of 27,100 since February.

Over the month, 5 out of 8 states experienced a decrease in their unemployment rate. WA led, with the unemployment rate falling by 1.2ppts between February and March. This represents 17,800 fewer people unemployed in the state. NSW also saw a considerable decline in the number unemployed (-11,000).

Despite the overall decrease in the national u/e rate, VIC added 16,300 more unemployed people in the last month, increasing the u/e rate in the state by 0.5ppts to 6.1%. This is the second highest unemployment rate across all states and territories.

Table 2: Unemployment changes - states and territories

| | Unemployment Rate | | Change (ppt) from: | | Unemployed ('000) | | Change ('000) from: | |
|-----------|-------------------|------|--------------------|------------|-------------------|---------------|---------------------|--|
| | March 2021 | Rank | February 2021 | March 2020 | March 2021 | February 2021 | March 2020 | |
| Australia | 5.6% | -- | ▼ -0.2 | ▲ +0.4 | 778.1 | ▼ -27.1 | ▲ +62.1 | |
| NSW | 5.4% | 3 | ▼ -0.2 | ▲ +0.5 | 234.4 | ▼ -11.0 | ▲ +24.0 | |
| VIC | 6.1% | 7 | ▲ +0.5 | ▲ +0.9 | 222.0 | ▲ +16.3 | ▲ +34.5 | |
| QLD | 5.9% | 5 | ▼ -0.2 | ▲ +0.3 | 163.3 | ▼ -6.6 | ▲ +10.1 | |
| SA | 6.3% | 8 | ▼ -0.5 | 0.0 | 56.8 | ▼ -5.4 | ▼ -0.5 | |
| WA | 4.8% | 2 | ▼ -1.2 | ▼ -0.6 | 70.1 | ▼ -17.8 | ▼ -8.6 | |
| TAS | 5.9% | 6 | ▲ +0.2 | ▲ +1.0 | 16.4 | ▲ +0.7 | ▲ +3.0 | |
| NT | 5.6% | 4 | ▲ +0.7 | ▲ +0.1 | 7.6 | ▲ +0.9 | ▼ -0.2 | |
| ACT | 3.4% | 1 | ▼ -0.7 | ▲ +0.2 | 8.2 | ▼ -1.7 | ▲ +0.4 | |

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

Most states also continue to show higher unemployment rates than the year-to-date level, with the national average sitting at 0.4ppt higher. VIC (0.9ppt) and TAS (1.0ppt) have considerably higher unemployment rates compared to a year ago. In contrast, WA's unemployment rate is now lower than it was a year ago (-0.6ppt). SA (0.0ppt) has experienced no change in the unemployment rates at a year-to-date level.

Underemployment falls in March, led by Victoria

Underemployment fell for both men and women over the last month, down by 0.8ppt and 0.6ppt respectively.

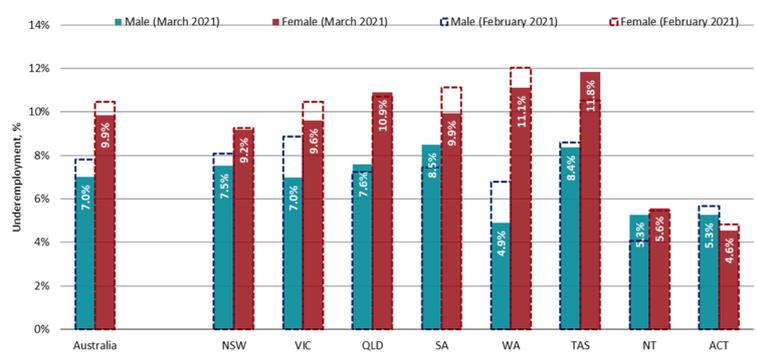
Men's underemployment fell from 7.8% to 7.0% over the month to March and women similarly experienced a decrease of 0.6ppt to 9.9%. The unemployment ratio gap between men and women saw a slight increase, rising to 2.9ppt which was up 0.2ppt when compared to February.

Six out of 8 states experienced a decrease in underemployment for women. SA (9.9%) experienced the largest decrease of 1.2ppt, followed by WA (11.1%) and VIC (9.6%) which both experienced a decrease of 0.9ppt. Despite the trend in falling underemployment rates for women, QLD (10.9%) rose by 0.2ppt over the last month.

For men, 5 out of 8 states saw a decrease in underemployment. Similar to women, WA (4.9%) and VIC (7.0%) both shared in a significant decrease in underemployment of 1.9ppt over the month. On the other hand, QLD, SA and NT saw increases in underemployment of (+0.4ppt, 1.1ppt and 1.2ppt respectively).

QLD is the only state that experienced an increase in the underemployment ratio for both men and women.

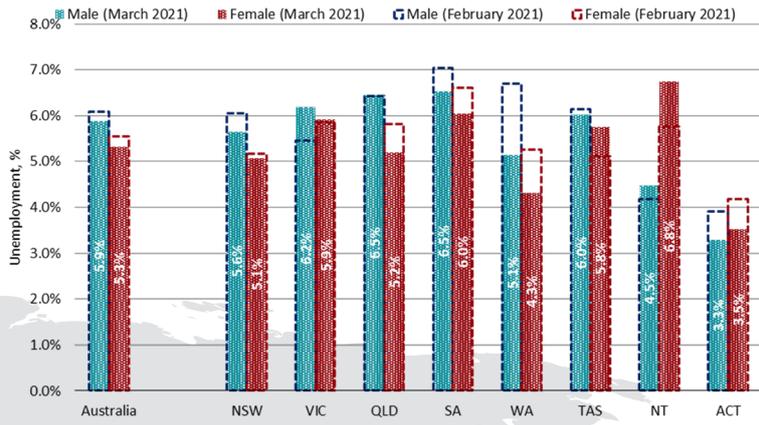
Figure 4: Underemployment ratio by gender, states and territories



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

Year-to-date measures continue to present a positive picture for underemployment ratios for women, down an impressive 1.3ppt from March 2020 and with all states and territories recording a year-to-date fall. The largest contributors to the year-to-date fall for women were SA (-2.6ppt) and TAS (-2.3ppt). Similarly, year-to-date measures for male underemployment were also encouraging, down 0.6ppt from March 2020 and with 7 out of 8 states recording a rise or no change in the male underemployment ratio, with WA and TAS (-3.6ppt and -2.9ppt respectively) leading the fallers, with only NSW (+0.2ppt) recording a minor rise in year-to-date figures.

Figure 5: Unemployment rate lower for women



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

In March the u/e rate fell for both women and men by 0.2ppt. The u/e rate for women fell to 5.3% and for men to 5.9%.

Unemployment rates for women fell in 5 out of 8 states in the month of March. WA and ACT (-1.0ppt and -0.7ppt respectively) experienced the largest falls. This was followed by QLD and SA (which both decreased by -0.6ppt), and the NSW u/e rate fell by 0.1ppt.

VIC (+0.1ppt), TAS (+0.7ppt) and NT (+1.0ppt) all experienced increases in female u/e. WA currently has the second lowest female u/e rate across all states and territories at 4.3%.

Similarly, 5 out of 8 states recorded a decrease in u/e rates for men. WA (-1.5ppt) led with the largest decrease followed by ACT (-0.6ppt) and SA (-0.5ppt). NSW and TAS experienced falls in u/e rate less than 0.5ppt. QLD had no change in the month of March, NT and VIC (+0.3ppt and 0.7ppt respectively) saw increases in u/e rates.

NT is the only state that saw an increase in u/e rates for both men and women (+0.3ppt and 1.0ppt).

On year-to-date figures, the male u/e rate remains 0.6ppt higher than in March 2020, whilst the female u/e rate continues to move closer to pre-pandemic levels, recording a 0.2ppt increase over the same period.

Youth unemployment falls across the nation

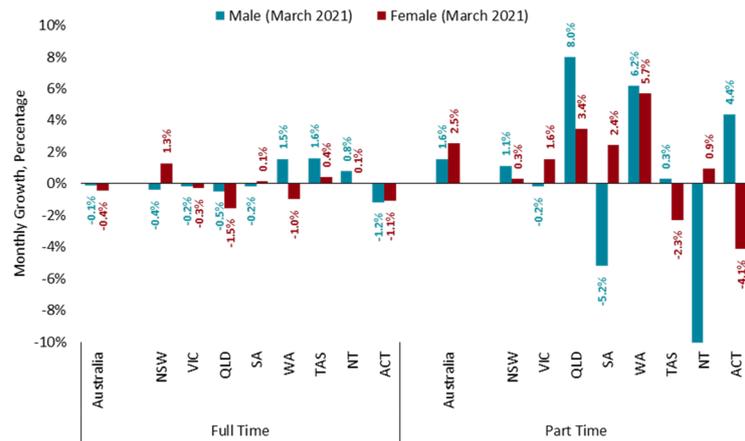
The national youth unemployment rate has fallen 1.2ppt to 12.8% over the month to March 2021, with significant falls across almost all state and territories.

WA had the largest decline in youth unemployment, falling by 3.4ppt over the month to March, taking its youth u/e rate down to 11.2%. This is the second lowest youth u/e rate across all states and territories.

SA continues to have the highest youth u/e rate at 16.4%, but recent patterns suggest it is on its way down. This is followed by QLD (15.1ppt) and the NT (15.4%).

Youth unemployment rates on year-to-date data are less encouraging, with 6 out of 8 states and territories recording higher levels compared to March 2020. Leaders over the last year are QLD (-2.7ppt) and WA (-0.8ppt). In contrast, TAS (+2.9ppt), SA (+2.2ppt) and the NT (+2.1ppt) have recorded the highest increases in youth unemployment compared to a year ago.

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



Notes: Seasonally adjusted values are used. Figures show growth from February to March 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

Part-time employment growth has been much stronger for both men and women, compared to full-time employment growth, which has gone backwards over the last month.

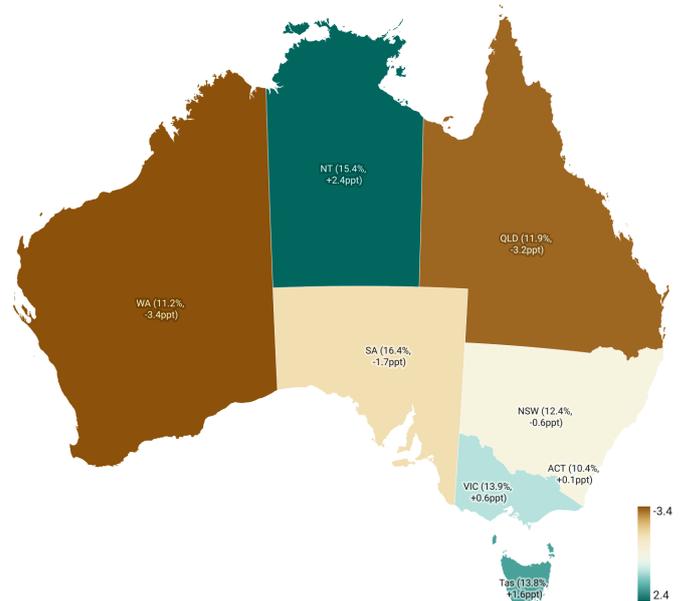
Nationally, full-time employment fell by 0.4% for women and 0.1% for men. Despite this fall, full-time employment for women increased in 4 out of 8 states. NSW (+1.3%) saw the largest increase, followed by TAS (+0.4%). QLD, the ACT and WA (-1.5%, -1.1% and -1.0% respectively) saw the largest falls in full-time employment among women. Part-time employment on the other hand grew by 2.5% for women, with strong growth in WA, QLD and SA.

For men, only WA, TAS and the NT recorded positive full-time employment growth, with the other states heading backwards. Part-time employment was weaker for men than women in the last month, but incredibly strong in QLD, WA and the ACT.

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 1.3% for women over the year to March 2021. In contrast, part-time work is up 3.6% for men and 1.1% for women on year-to-date measures.

Figure 7: Youth unemployment - states and territories

Youth unemployment rate - Australia: (12.8%, -1.2ppt)



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

Average monthly hours worked strengthens again in March

The number of average monthly hours worked by Australians increased in March by 1.6% to take the average monthly hours worked per employee each month to 137.7 hours.

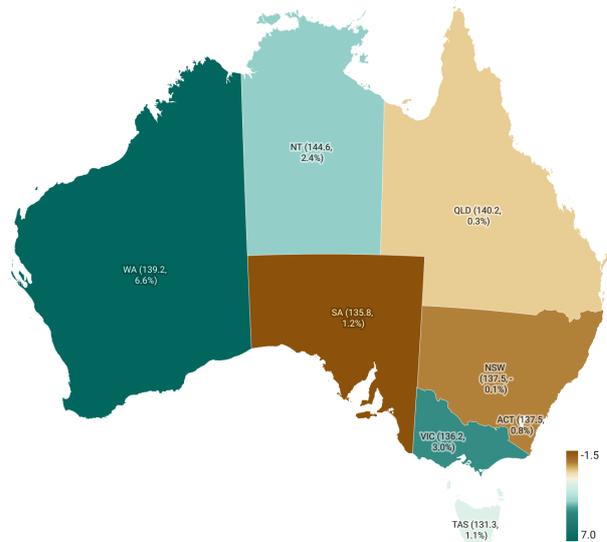
7 out of 8 states and territories saw an increase in average monthly hours worked between February and March. WA was a clear leader (+8.6 hours), along with VIC (+4.0 hours) and the NT (+3.4 hours). Only NSW (-0.2 hours) recorded a modest fall in average hours worked in March.

The NT continues to have the highest average monthly hours worked per employee at 144.6 hours, followed by QLD (140.2 hours) and WA (139.2 hours). TAS continues to have the lowest number of average hours worked per month (131.3 hours), followed by SA (135.8 hours).

When compared to this time last year, average monthly hours worked are up an encouraging 0.9 hours nationwide. Again, 7 out of 8 states and territories are up on year-to-date figures, with the ACT (+4.6 hours) and QLD (+4.0 hours) leading the way. The noticeable faller from year-to-date figures is VIC, down 1.7 hours from March 2020.

Figure 8: Monthly hours of work - states and territories

Average monthly hours - Australia: (137.7 hrs, 1.6%)



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

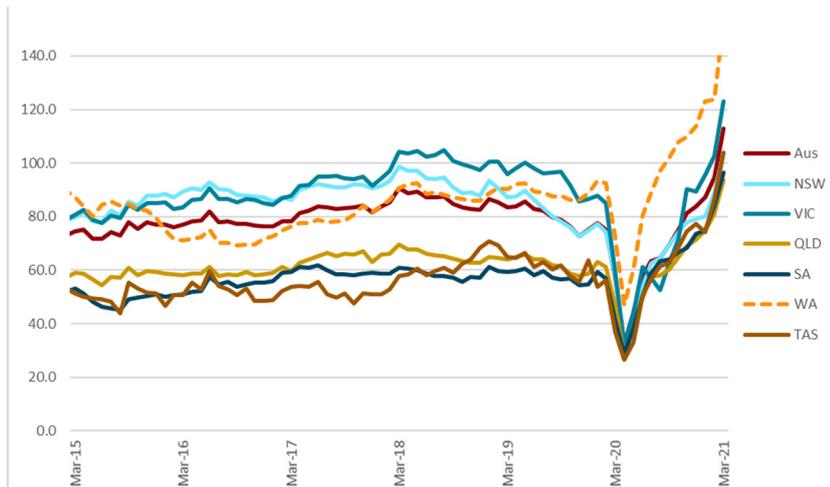
Demand for labour reaches 12 year high, year-to-date figures impressive

The internet vacancy index, which provides detailed data on newly advertised job vacancies during the month, increased substantially in March 2021 – up by 19.1%. Since the lowest IVI index point of 34.0 in April 2020, internet vacancies have now increased consecutively for 11 months, with the index now reaching a 12-year high of 112.9 this month, up from 94.8 last month.

Internet vacancies were the highest in WA over the last month, increasing by 24%, and representing an additional 5,300 advertisements. All states saw the vacancy index rise by between 15 and 20% in the last month, whereas the two territories were still positive but somewhat lower.

On year-to-date figures, job advertisements are over 96% higher (+117,185). Since March 2020, all states and territories have recorded an increase in job advertisements. TAS remains the year-to-date leader with increases in advertisements increasing over 179.3%, followed by SA (+133.4%), WA (+110.4%), the NT (+109.1%) and VIC (+106.0%) all recording year-to-date increases of over 100%.

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.

Nationwide job advertisements soar among all states and territories

What type of workers are employers looking for? All occupations are in significant demand across most states and territories, with increases in job advertisements all hovering around the 20% mark.

Sales Workers (+21%), Clerical and Administrative Workers and Community and Personal Service Workers (+20% each) were the highest demanded nationwide in March. And every occupation group saw a nationwide increase in job advertisements of at least 12% compared to a month ago.

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

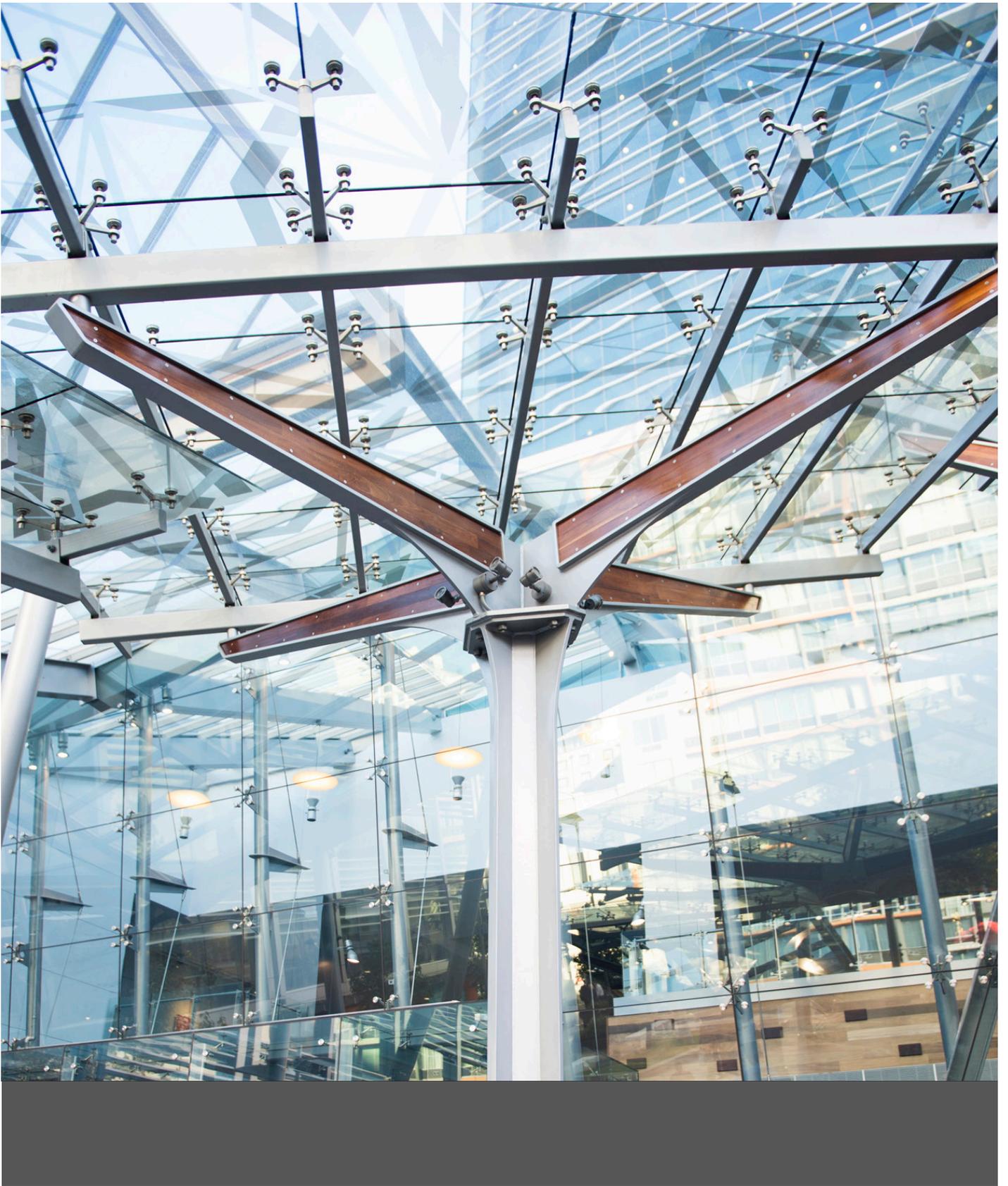
| Major Occupation Group | Australia | NSW | VIC | QLD | SA | WA | TAS | NT | ACT |
|--|-----------|------|------|------|------|------|------|------|------|
| Managers | +19% | +16% | +22% | +20% | +14% | +23% | +18% | +24% | +15% |
| Professionals | +17% | +15% | +22% | +14% | +21% | +21% | +32% | +2% | -2% |
| Technicians And Trade Workers | +17% | +21% | +19% | +10% | +11% | +21% | +14% | +9% | +7% |
| Community And Personal Service Workers | +20% | +16% | +24% | +18% | +17% | +30% | +16% | +44% | +15% |
| Clerical And Administrative Workers | +20% | +16% | +24% | +18% | +17% | +29% | +24% | +29% | +13% |
| Sales Workers | +21% | +18% | +18% | +18% | +25% | +35% | +19% | +10% | +4% |
| Machinery Operators And Drivers | +12% | +8% | +18% | +10% | +3% | +13% | +11% | +3% | +16% |
| Labourers | +19% | +17% | +19% | +16% | +6% | +22% | +39% | -3% | +17% |
| Total | +19% | +17% | +20% | +16% | +15% | +24% | +20% | +11% | +6% |

Notes: Seasonally adjusted values are used. Percentage changes over the month to March 2021. 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.

WA played a key role in driving demand with a 35% increase in advertisements for Sales Workers, a 30% increase in Community and Personal Service Workers and a 29% increase for Clerical and Administrative Workers over the month. Other notable increases in job advertisements were a 39% increase in demand for Labourers in TAS, as well as a significant 44% increase in demand for Community and Personal Service Workers in the NT.

In very positive signs, VIC has rebounded strongly, with advertisements up by around 20% or more in every occupation. Remarkably, only two occupations recorded minor falls in job advertisements over the month, with Professionals falling by 2% in the ACT and Labourers falling by 3% in the NT. Furthermore, The NT and the ACT continued to exhibit some volatility amongst occupations group, especially in comparison to the remaining Australian states.



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