

June 2023

BCEC

Bankwest Curtin Economics Centre

LABOUR MARKET UPDATE

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

- NSW unemployment rate hits record low as eastern states continue to drive strong labour market.
- Labour market absorbing growth in the working-age population of 50,000 persons every month, with little sign of labour demand weakening.
- Mining sector growing fastest since the pandemic, led by Western Australia.

Labour market still running hot

The headline national unemployment rate came in at 3.5 per cent for June. The rounded figures show no change from the 3.5 per cent for May, but a closer look suggests a tightening in the labour market that offers no real comfort to those hoping interest rates have peaked.

The May figure was revised down to 3.5 per cent from 3.6 per cent and it was only rounding to one-decimal place that prevented the unemployment rate falling 0.1 ppt in June. That might sound like splitting hairs, but the critical point is that labour market conditions are, if anything, even tighter than we thought last month. The figures show no sign yet of a weakening in response to monetary policy tightening, which saw the target cash rate raised to 4.1 per cent in early June.

Nationally, employment increased by 32,600 jobs last month. In the month to May, NSW, Victoria, and Queensland all recorded increases in employment of over 25,000 persons. For June, those were the only states to see employment increase over the month, with NSW again leading the way with 16,200 more jobs. This pushed the NSW unemployment rate to down to 2.9 per cent, the lowest unemployment rate ever recorded in that state since the current series began in 1978.

The remaining states saw falls in total employment. However, full-time jobs grew in all states and territories except Tasmania, with full-time employment rising by 21,200 workers in Queensland and by 11,300 in Western Australia.

June's figures complete the annual data for the 2022-23 financial year. Since the current labour force series began in 1978, 2022-23 marks Australia's lowest year of unemployment on record, at an average of 3.5 per cent for the year, with daylight back to second-placed 2007-08 at 4.2 per cent.

Lower inflation eases the pressure, but for how long?

The labour market continues to run hot, but the latest CPI data show headline inflation running at 6 per cent for the June quarter compared to a year ago. This is lower than expected, and down 1 percentage point from the March quarter's 7 per cent figure.

But before we get too far ahead of ourselves, it's worth reflecting on some price pressures due to take effect from July, not least from prospective increases in electricity prices over the coming months. The new minimum and award wage settlements also come into effect from 1 July.

Despite the better than expected CPI result for June, the continued strength of the Australian labour market may not be enough to convince the Reserve Bank to hold off on any further interest rate rises. At the very least, the latest CPI figures elevate the importance of labour force data to the RBA's interest rate deliberations over the next few months.

Mining leading the way post pandemic

Data released late last month show that employment in the mining industry has increased by 27.4 per cent (non-seasonally adjusted) between February 2020 and May 2023, which covers the period just prior to the start of the COVID-19 pandemic. The scale of national employment growth in the mining industry is higher even than the health care and social assistance sector, which was second with growth of 20.2 per cent.

Less surprising is that WA has been leading the way in mining growth, with employment in that sector up by a whopping 40.3 per cent since February 2020. WA accounted for around 70 per cent of the growth in mining jobs at the national level.

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Labour market fundamentals

Key takeaways

- The number of employed people increased by 32,600 nationally in June 2023.
- This was driven by 39,300 additional full-time workers, offset by a drop of 6,700 part-time workers.
- Both men and women saw growth in full-time employment nationally, with a 0.2 per cent increase for women, 0.5 per cent increase for men.

The number of employed people rose by 32,600 workers nationally in June 2023 (Table 1). Results on a state-by-state basis were mixed, with the growth driven mainly by the eastern states; with increases of 16,200 workers in NSW, 7,500 in Victoria and 900 in Queensland. The employment count dropped by 9,400 in WA over the month, and by 7,200 in South Australia. The national increase in employment was driven by growth of 39,300 in full-time jobs, offset by a drop 6,700 in part-time workers.

Full-time employment grew by 0.5 per cent for men over the month to June, compared to 0.2 per cent growth for women (Figure 1). Part-time work fell for both women and men by the same share (0.2 per cent). Victoria and SA saw particularly strong growth in full-time employment for women, with increases of 1.5 per cent and 1.7 per cent respectively. And while full-time employment in WA increased for both women and men over the month to

June, this growth was more than offset by falls in part-time employment for both women (down 2.3 per cent) and men (down 8.9 per cent). The NT recorded the highest drop in part-time employment for women by 13.5 per cent. Note that estimates for part-time employment do tend to be more volatile due to smaller sample sizes, particularly in the less populous states and territories.

The national labour force participation rate eased 0.1 ppt to 66.8 per cent in June. This stemmed from a 0.2ppt decrease (to 62.5 per cent) in the labour force participation rate for women (Figure 2), contrasting with a marginal increase for men (to a rate of 71.3 per cent). Female participation grew strongly in Victoria, by 0.4ppt to a rate of 72 per cent - the only exception to the national decline. South Australia and Tasmania currently record the lowest female labour force participation rates, at 59.6 per cent and 59.2 per cent respectively.

Table 1: Employment changes: states and territories

	Employed Persons ('000)	Change from:				Change from May 2023 ('000)		Change (%) from June 2022	
		June 2023	May 2023 ('000)	Rank	June 2022(%)	Rank	Full-Time	Part-time	Full-Time
Australia	14,046.1	+32.6	---	▲ +3.0%	---	+39.3	-6.7	▲ +4.0%	▲ +0.7%
NSW	4,373.8	+16.2	1	▲ +3.3%	4	+8.8	+7.4	▲ +3.8%	▲ +2.2%
VIC	3,636.1	+7.5	2	▲ +3.5%	2	+7.9	-0.4	▲ +4.0%	▲ +2.5%
QLD	2,855.6	+0.9	3	▲ +2.6%	7	+21.2	-20.2	▲ +4.6%	▼ -1.8%
SA	948.9	-7.2	7	▲ +4.2%	1	+3.0	-10.2	▲ +5.6%	▲ +1.3%
WA	1,527.1	-9.4	8	▲ +0.8%	8	+11.3	-20.7	▲ +2.4%	▼ -2.9%
TAS	290.4	-0.4	4	▲ +2.8%	6	-3.4	+3.0	▲ +1.6%	▲ +5.1%
NT	137.8	-4.6	6	▲ +3.1%	5	+0.4	-5.1	▲ +3.1%	▲ +3.4%
ACT	264.2	-3.9	5	▲ +3.5%	2	+0.3	-4.2	▲ +7.3%	▼ -7.4%

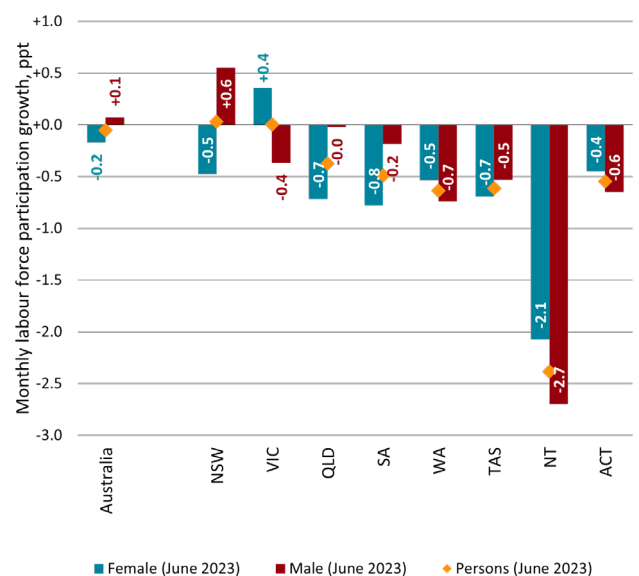
Notes: Seasonally adjusted values are used.

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

Figure 1: Employment growth by state and gender

Seasonally adjusted values are used. Figures show change from May 2023 to June 2023. ACT and NT values are generally more volatile than other states.
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0.

Figure 2: Monthly change in labour force participation

Notes: Seasonally adjusted values are used. Figures show change from May 2023 to June 2023.
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0.

Underemployment and unemployment

Key takeaways

- The national unemployment rate remained at 3.5 per cent.
- The unemployment rate for women fell by 0.1ppt, to 3.4 per cent. It remained at 3.6 per cent for men.
- National underemployment remained at 6.4 per cent; falling by 0.1ppt to 8.1 per cent for women.

The national unemployment rate remained at 3.5 per cent over the month to June 2023 (Table 2) despite a 10,900 fall in the national unemployment count. Tasmania experienced the strongest unemployment rate reduction (down 0.7ppt to 3.5 per cent), followed by Queensland (down 0.3 ppt to 3.6 per cent). NSW posted the lowest unemployment rate across all jurisdictions, at just 2.9 per cent, after another small (0.1ppt) fall over the month.

The national unemployment rate remains lower for women, falling by 0.1ppt to 3.4 per cent over the month to June (Figure 3) with roughly 7,800 fewer women being unemployed. The unemployment rate for men remained at 3.6 per cent over the month. Much of this difference was driven by falling unemployment in NSW, with 14,600 fewer unemployed women in the state compared to May 2023, contributing to a 0.7ppt fall in the female

unemployment rate, down to 2.6 per cent. Queensland experienced the biggest decrease in unemployment numbers, with roughly 9,000 fewer unemployed men resulting in a 0.7ppt drop to 3.3 per cent unemployment. The story was reversed for NSW, with a 0.4ppt increase to 3.2 per cent in the male unemployment rate.

Underemployment followed a similar trend to unemployment this month. There has been no significant change in the underemployment ratio at the national level, and a very minor (0.1ppt) decrease to 8.1 per cent for women (Figure 4).

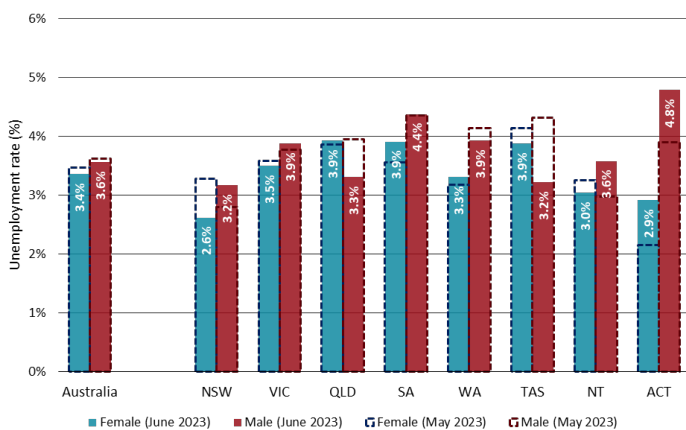
Looking across states, the underemployment ratio rose by 1.3ppt in Victoria over the month but fell by 0.4ppt in WA for both women and men (down to 8.8 per cent for the former, and 3.9 per cent for the latter).

Table 2: Unemployment rates and changes: states and territories

	Unemployment Rate		Change (ppt) from:		Unemployed ('000)	Change ('000) from:	
	June 2023	Rank	May 2023	June 2022		May 2023	June 2022
Australia	3.5%	--	0.0	-0.1	504.4	▼ -10.9	-1.6
NSW	2.9%	1	▼ -0.1	-0.5	131.1	▼ -5.0	-16.4
VIC	3.7%	6	0.0	+0.4	139.7	▲ +1.1	+19.3
QLD	3.6%	4	▼ -0.3	-0.4	106.8	▼ -9.3	-8.0
SA	4.2%	8	▲ +0.2	-0.2	41.1	▲ +1.5	-0.4
WA	3.6%	5	▼ -0.1	+0.2	57.6	▼ -1.2	+4.2
TAS	3.5%	3	▼ -0.7	-0.8	10.6	▼ -2.2	-2.0
NT	3.3%	2	▲ +0.2	-0.5	4.7	▲ +0.2	-0.6
ACT	3.9%	7	▲ +0.8	+0.8	10.7	▲ +2.2	+2.5

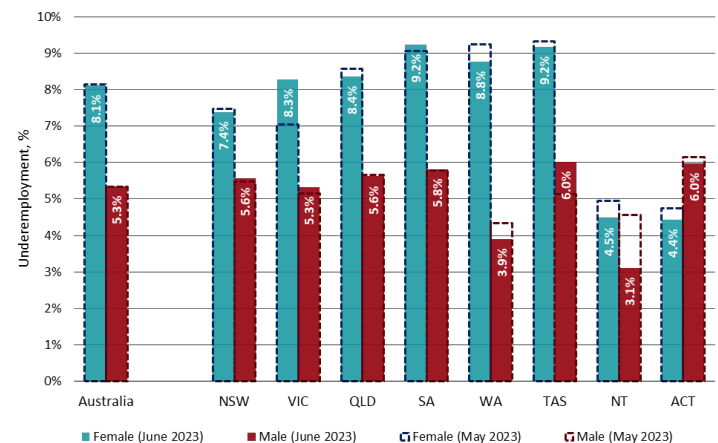
Notes: Seasonally adjusted values are used. State and territory numbers of unemployed people do not sum to the figures for Australia due to ABS seasonal adjustment methods.
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0.

Figure 3: Unemployment rate by state and gender



Notes: Seasonally adjusted values are used. Figures show change from May 2023 to June 2023.
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0.

Figure 4: Underemployment ratio by gender: states and territories



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

Strength of the labour market

Key takeaways

- The national Internet Vacancy Index fell by 2.0 per cent over June 2023.
- WA saw a decrease of 2.0 per cent; with decreases in all states save VIC.
- Out of all occupations nationally, vacancies for sales workers fell the least, thanks to increases in WA and VIC.

Internet job vacancies once again saw a near-universal decline in June 2023 in all states other than Victoria, with a drop nationally of 2.0 per cent (see Figure 5), roughly equivalent to a decrease of 7,800 vacancies. WA recorded a 2.0 per cent drop in vacancies over the month (equivalent to 1,706 fewer openings), roughly in line with the national average, whilst vacancies in Tasmania decreased by 3.5 per cent, and in Queensland by 3.3 per cent. Victoria, meanwhile, recorded a minor 0.2 per cent increase in vacancies over the month.

Advertised vacancies nationally fell across all occupation groups in June (Table 3). Breaking the vacancies data down by states and territories, there have been small increases in Victoria, WA, and Tasmania for only a few occupations (primarily among sales workers, clerical and administrative roles, and community and personal service workers). Technicians and trade workers suffered the largest drop in vacancies, driven mostly by declines in Queensland and Victoria (down by 6 per cent and 5 per cent respectively over the month).

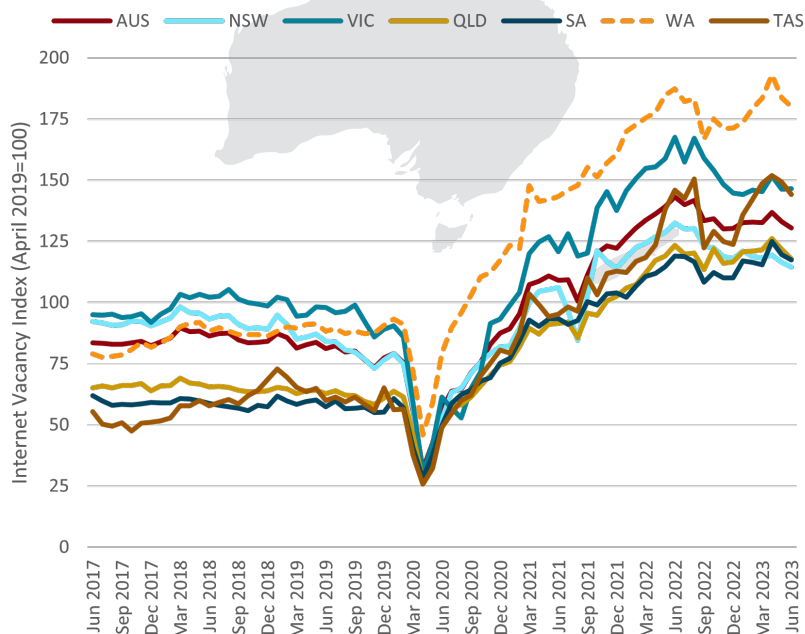
Table 3: Change in Internet Vacancy Index, by Occupation: May to June 2023

Major Occupation Group	Australia	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Managers	-2%	-3%	-1%	-3%	-3%	-2%	-0%	-5%	-5%
Professionals	-1%	-1%	+0%	-3%	+3%	-1%	-5%	+1%	-7%
Technicians And Trade Workers	-4%	-1%	-5%	-6%	-4%	-4%	-1%	-4%	+19%
Community And Personal Service Workers	-1%	-0%	-1%	-4%	+1%	-4%	+4%	-7%	+1%
Clerical And Administrative Workers	-3%	-4%	+2%	-4%	-2%	-4%	-11%	-4%	-2%
Sales Workers	-1%	-4%	+4%	-3%	-4%	+3%	-5%	-11%	-5%
Machinery Operators And Drivers	-2%	-2%	-3%	-4%	-2%	+0%	-0%	-8%	-11%
Labourers	-2%	-0%	-0%	-3%	-6%	-3%	-7%	-2%	+14%
Total	-2%	-2%	+0%	-3%	-2%	-2%	-3%	-3%	-3%

Notes: Seasonally adjusted values are used.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Government, Jobs and Skills Australia.

Figure 5: Internet Vacancy Index, by State: June 2017 to June 2023



Notes: Seasonally adjusted values are used.

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

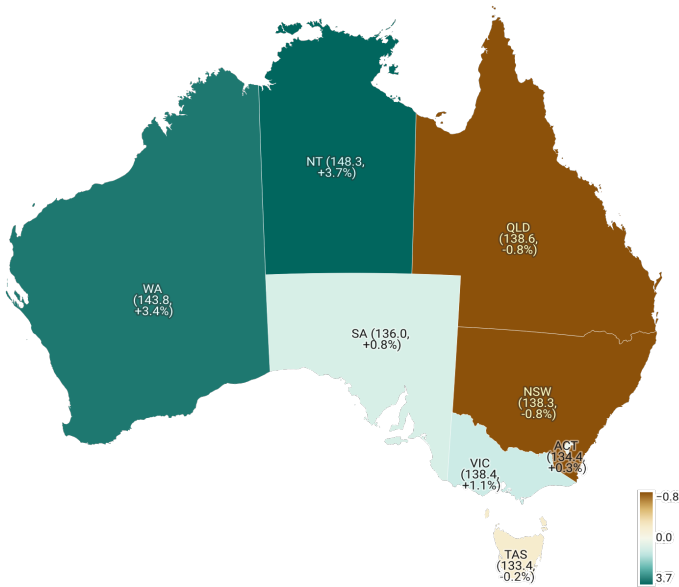
Strength of the labour market cont'd

Monthly hours worked increased only marginally over the month of June 2023 at the national level (see Figure 6), rising 0.1 per cent to an average of 138.6 monthly hours per worker.

Monthly hours grew more strongly in Western Australia compared to the east coast, rising 3.4 per cent to an average of 143.8 monthly hours in June. Meanwhile, NSW and Queensland both saw a decrease of 0.8 per cent in average hours worked. Average hours also rose in Victoria, by 1.1 per cent to 138.4 hours per month, and in South Australia by 0.8 per cent.

National youth unemployment saw a little more movement activity over the month, increasing by 0.2ppt to 7.7 per cent across Australia (Figure 8). WA was the primary driver of this shift, with a 1.8ppt increase in the rate of youth unemployment in the state. Youth unemployment rates were unchanged over the month in NSW and Queensland, at 5.8 per cent and 8.4 per cent respectively, but fell by 0.2ppt to 8.5 per cent in Victoria (with 3,000 fewer unemployed youths).

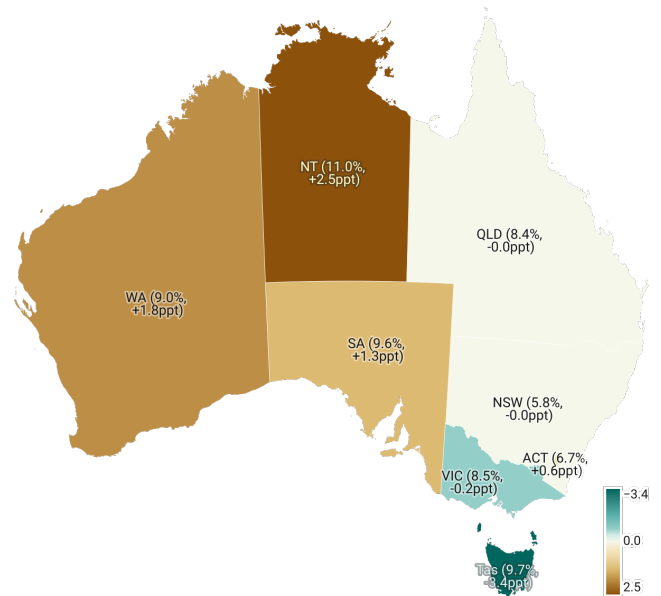
Figure 6: Average monthly hours worked: states and territories



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

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

Figure 7: Youth unemployment rate: monthly change, states and territories



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

Notes: Seasonally adjusted values are used. Figures show change from May 2023 to June 2023.
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 3101.0, Table 2.

Labour market dynamics

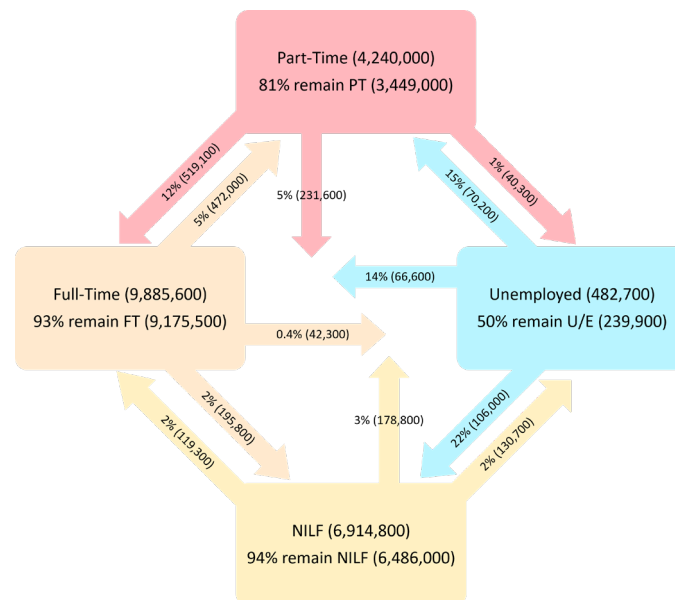
Key takeaways

- Net outflow of roughly 104,600 persons out of the labour force over the month.
- A net count of 76,500 people flowed out of the labour force from full-time work over the month.
- Matching rate of unemployed persons to jobs rose to 29.5 per cent in June 2023, its highest since July 2022.

Based on the matched sample of respondents to the May and June labour force surveys, the flows data paint a more volatile picture of labour market dynamics than the stock labour force data. These data show a net decrease of roughly 104,600 in the number of people either working or seeking employment (Figure 7). The exit of full-time workers was the main driver of this shift, with a net outflow of 76,500 full-time workers leaving the labour force. This is a stark turnaround compared to the net inflow of 27,700 people moving from outside the labour force into full-time work between April and May 2023.

However, while more workers were leaving the labour force, the period from May and June included a net flow of 24,700 people moving from labour force non-participation into unemployment. Offsetting this was a 5ppt increase in the matching rate – the proportion of May's stock of unemployed people who secured jobs in June. This increase was evident in the flows of jobseekers into both part-time work (up 2ppt to 15 per cent) and full-time work (up 3ppt to 14 per cent). Adding in the counts of unemployed people who dropped out of the labour force, a full 50 per cent of May's pool of unemployed people were no longer unemployed in June.

Figure 8: AUS labour force flows: May 2023 to June 2023



Notes: The ABS labour market flows series is based on a matched sample of respondents who are present in the labour force survey in two consecutive months. Around 79% of ABS survey respondents in May 2023 were also present in the June 2023 survey. Due to rounding and scaling, figures may not match totals from elsewhere in this MLMU. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0, Table 23 & Pivot table GMI.

Industry

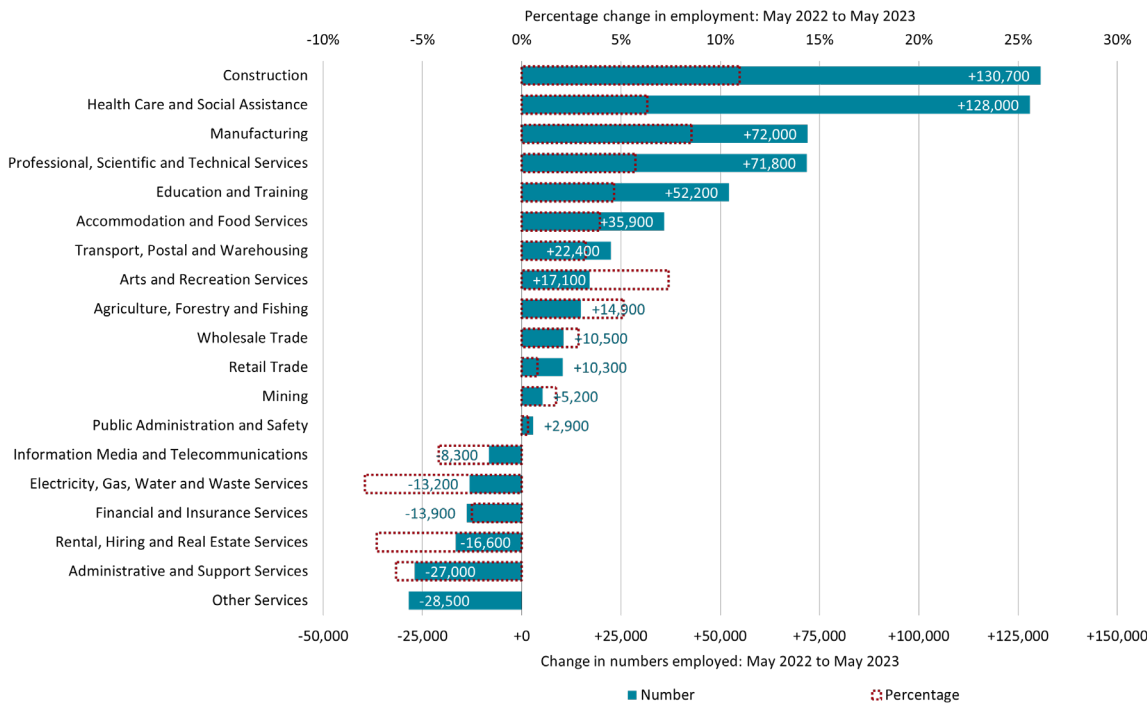
Key takeaways

- Construction continued to be the fastest growing industry, with 130,700 more workers over the year to May 2023.
- Workers in the administrative services sector have faced recent cuts, with a decrease of 27,000.
- Education and training workers saw the highest growth out of all industries in WA.

An inspection of employment growth across the nation’s industry sectors to May 2023 reveals a similar story to that of February 2023; with strong year-to-date growth in the number of construction and health care workers. In percentage terms, construction, manufacturing, and arts and recreational services have seen the strongest annual growth. Other industries have seen their performance change; with a sharp increase in the number of professional, scientific, and technical service workers over the previous quarter (+71,800 workers). Employment in the administrative and support services sector contracted, with a decrease of 27,000 workers nationally over the year to May 2023.

When looking at differences at the state level (non-seasonally adjusted), the observed increase in construction workers over the year was primarily driven by growth in NSW (+58,200 workers) and QLD (+40,200 workers). Growth in health care workers was driven more so by the south east, with NSW (+58,800 workers) and VIC (+55,000 workers) seeing the largest increases in that industry. Meanwhile, WA followed its own path, with a focused increase in the number of education and training workers over the year to May 2023 (+17,100 workers), as well as an additional 13,000 workers in professional, scientific and technical services.

Figure 9: Employment change by industry, Australia, year to May 2023

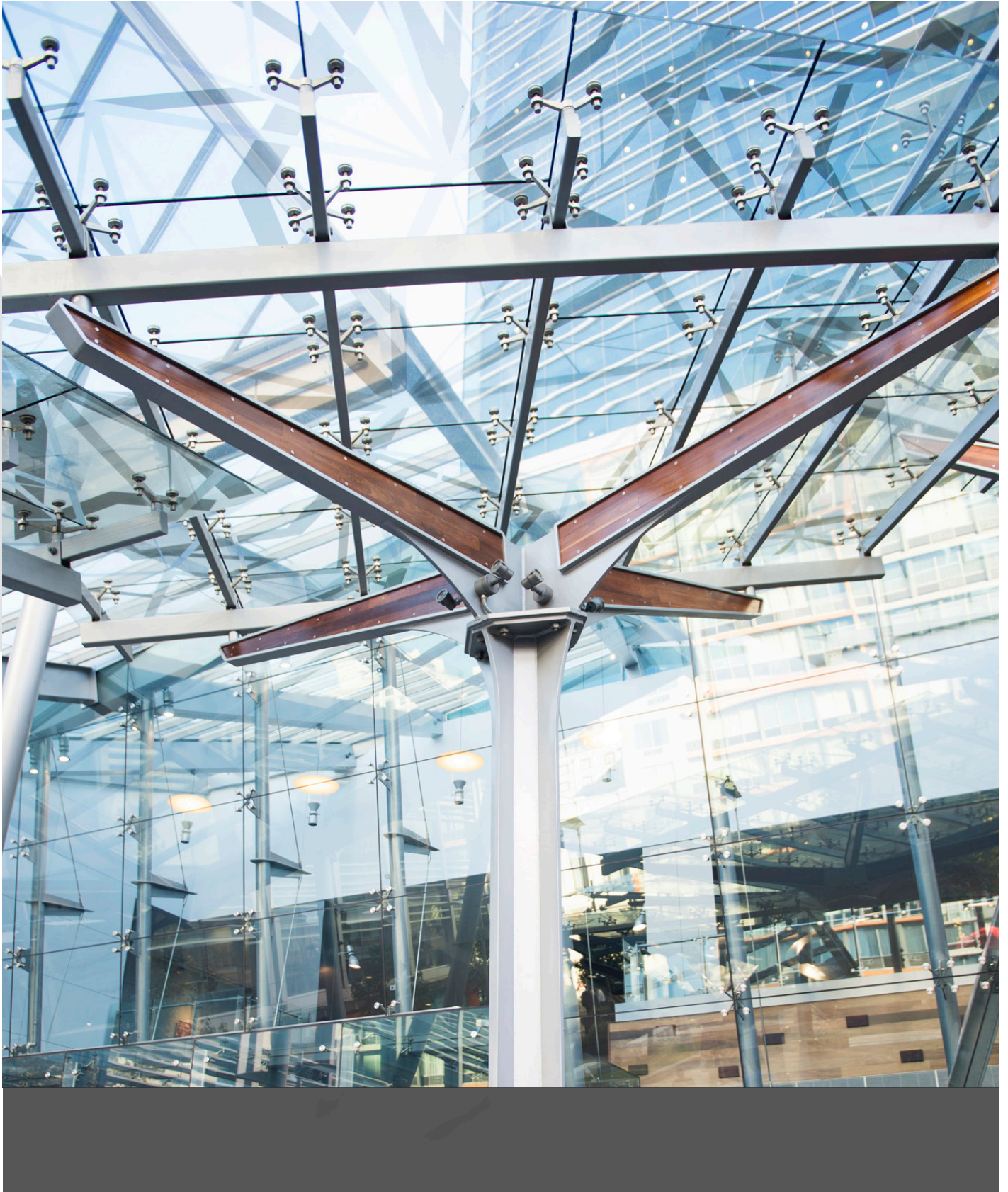


Notes: Seasonally adjusted values are used. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No. 6291.0.55.003, Table 5.

Table 4: Top and bottom three industries by employment growth and state, year to May 2023

Rank	NSW		VIC		QLD		SA		WA		TAS	
	Industry	Change in numbers employed	Industry	Change in numbers employed	Industry	Change in numbers employed	Industry	Change in numbers employed	Industry	Change in numbers employed	Industry	Change in numbers employed
1	Health Care and Social Assistance	+58,800 [+10.0%]	Health Care and Social Assistance	+55,000 [+10.9%]	Construction	+40,200 [+16.7%]	Health Care and Social Assistance	+11,600 [+7.1%]	Education and Training	+17,100 [+15.0%]	Health Care and Social Assistance	+4,800 [+10.5%]
2	Construction	+58,200 [+15.8%]	Manufacturing	+39,400 [+15.9%]	Education and Training	+27,800 [+11.2%]	Transport, Postal and Warehousing	+7,800 [+19.8%]	Professional, Scientific and Technical Services	+13,000 [+12.3%]	Agriculture, Forestry and Fishing	+2,300 [+14.2%]
3	Accommodation and Food Services	+25,000 [+8.8%]	Professional, Scientific and Technical Services	+37,700 [+10.4%]	Public Administration and Safety	+24,300 [+14.3%]	Professional, Scientific and Technical Services	+5,600 [+8.0%]	Mining	+10,200 [+6.5%]	Administrative and Support Services	+2,000 [+32.6%]
19	Other Services	-30,400 [-16.6%]	Wholesale Trade	-21,100 [-17.9%]	Retail Trade	-28,900 [-10.8%]	Other Services	-1,000 [-2.7%]	Public Administration and Safety	-31,700 [-28.7%]	Accommodation and Food Services	-3,700 [-16.2%]
18	Financial and Insurance Services	-20,100 [-8.0%]	Administrative and Support Services	-19,500 [-17.3%]	Mining	-17,000 [-19.5%]	Education and Training	-900 [-1.2%]	Electricity Gas Water and Waste Services	-8,200 [-38.4%]	Other Services	-1,900 [-16.0%]
17	Information Media and Telecoms	-11,600 [-14.4%]	Public Administration and Safety	-17,600 [-8.8%]	Administrative and Support Services	-12,600 [-13.8%]	Retail Trade	-600 [-0.7%]	Administrative and Support Services	-7,400 [-15.8%]	Construction	-1,800 [-6.9%]

Notes: Original non-seasonally adjusted values are used. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No. 6291.0.55.003, Table 5.



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