

August 2023

BCEC

Bankwest Curtin Economics Centre

LABOUR MARKET UPDATE

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

- Strong growth in part-time jobs keeps unemployment rate steady at 3.7 per cent as participation rises.
- Female employment rebounds from July slide.
- Australia's labour force participation rate hits all time high of 67.0 per cent.

Looking through volatile data, underlying strength apparent

In a month in which the civilian working-age population grew by 55,000 persons and the participation rate hit an all-time high of 67.0 per cent, the fact that the unemployment rate remained constant at 3.7 per cent in August highlights the ongoing strength of the Australian labour market. Between women and men, and full-time and part-time jobs, employment estimates have been somewhat volatile in recent months: we were sceptical the sharp fall in the estimate of female employment in July was an accurate indicator of how the labour market was faring. A large jump in part-time work and revisions to last month's estimates have confirmed that.

If we look past the recent noise at changes over three, six or 12 months, jobs growth has been robust for men and women, and in full-time and part-time work. Continued high levels of advertised vacancies and recent growth in multiple job-holding point to strong ongoing labour demand, while a rise in participation, underemployment and people working a second job all suggest a willingness on the part of workers to supply additional hours of work.

In its September meeting, the Reserve Bank left interest rates on hold in anticipation that unemployment will gradually rise to 4.5 per cent, inflation had peaked, and productivity growth would allow the pick-up in nominal wage growth to remain consistent with its inflation target of 2-3 per cent. But it also warned further tightening of monetary policy might be required 'to ensure that inflation returns to target in a reasonable time frame.'

Recent developments aren't exactly validating those assumptions. Rising petrol prices, a falling Australian dollar and the surge in immigration will all be adding to price pressures. With no sign yet of rising unemployment, August's labour market data may see the RBA Board doing some hard thinking about the definition of 'reasonable time frame' at their next meeting.

Is the record rate of labour force participation sustainable?

The labour force participation rate reached an all-time high of 67.0 per cent in August 2023. Over the longer term the participation rate has risen due to the steady rise in female participation, partly offset by declining male participation as Australia's gendered division in labour market roles has narrowed. The recent growth in participation is likely to be a result of increased immigration to meet labour demand along with the cost-of-living pressures drawing more people into the labour market to supplement household incomes.

Looking at more detailed data, August's record came about due to a recent pick up in participation from men, rather than women. There have been strong increases for men and women aged 25-34, but with additional growth for single men aged up to 54 years. With the exception of the rise for 25-34 year olds, these changes go against long term trends and hence it seems likely they will reverse if and when cost-of-living pressures ease. This has important implications, as a falling participation rate would moderate any increase in the unemployment rate in the face of a cooling labour market.

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Labour market fundamentals

Key takeaways

- The number of employed persons increased by 64,900 nationally.
- This was driven by 62,100 more part-time workers and 2,800 additional full-time workers.
- The participation rate reached a record high of 67.0 per cent.

The Australian labour market saw an increase in the number of employed persons by 64,900 workers nationally in August (see Table 1), a substantial 0.5 per cent increase for the month. Results on a state-by-state basis were overall trending up, with NSW leading the way, recording a significant increase of 24,500 workers, followed by WA and QLD with 14,700 and 13,600 more workers, respectively. Only VIC evidenced a decrease, with 2,700 fewer workers in August. The national increase was concentrated in part-time employment, with an overall increase of 62,100, mostly driven by QLD and SA, with 29,500 and 10,600 more part-time workers, respectively.

Total employment increased by 0.5 per cent for both men and women. Both genders saw strong growth in part-time work (1.7% for women and 1.0% for men), while full-time work increased for men (+0.3%) and fell for women (-0.5%).

There was a strong drop in female full-time workers for QLD and SA (-2.5% and -2.0%, respectively), offset by a 3.8 per cent increase in WA. The greatest increase in female part-time workers was in QLD with growth of 5.1 per cent over the month, followed by the NT with 2.4 per cent increase, and VIC and TAS (both rising by 1.8%). It is worth cautioning that estimates for part-time employment tend to be more volatile due to smaller sample sizes, particularly in the less populous states and territories.

The national participation rate increased 0.1ppt to 67 per cent, setting a new record high. Women recorded a marginal increase in participation (to a rate of 62.5%; see Figure 2) whilst men recorded a 0.2ppt increase (to 71.7%). The highest participation growth for women was in TAS with a 0.6ppt increase (to 59.5%), followed by WA with a 0.5ppt increase (to 64.1%). SA showed the greatest drop in women's participation by 0.2 per cent (to 59.6%), followed by VIC (-0.1ppt to 63.2%).

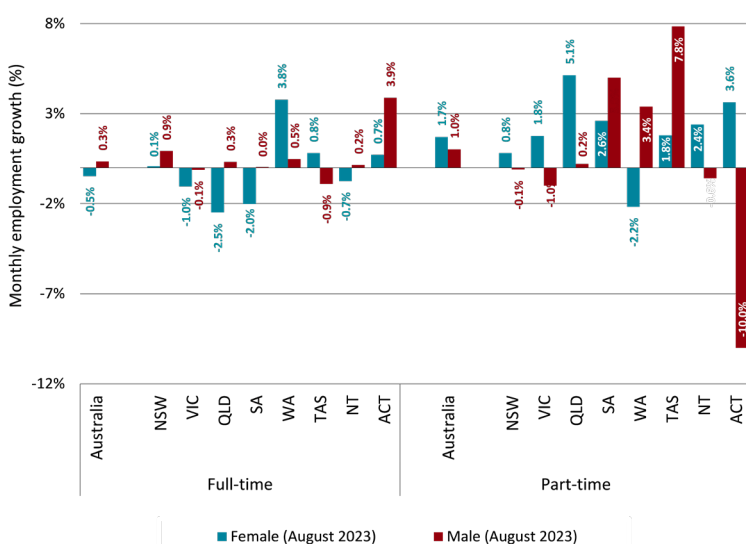
Table 1: Employment changes: states and territories

	Employed Persons ('000)	Change from:				Change from July 2023 ('000)		Change (%) from August 2022				
		August 2023	July 2023 ('000)	Rank	August 2022 (%)	Rank	Full-Time	Part-time	Full-Time	Part-time		
Australia	14,107.9	+64.9	---	▲	+3.0%	---	+2.8	+62.1	▲	+3.3%	▲	+2.2%
NSW	4,373.7	+24.5	1	▲	+2.8%	5	+18.3	+6.1	▲	+3.2%	▲	+1.8%
VIC	3,653.0	-2.7	8	▲	+3.8%	3	-12.4	+9.7	▲	+3.8%	▲	+3.8%
QLD	2,847.1	+13.6	3	▲	+1.9%	7	-15.9	+29.5	▲	+2.4%	▲	+0.8%
SA	958.2	+5.9	4	▲	+4.1%	1	-4.7	+10.6	▲	+5.2%	▲	+2.1%
WA	1,565.9	+14.7	2	▲	+2.9%	4	+17.6	-2.9	▲	+3.1%	▲	+2.4%
TAS	289.2	+3.1	6	▲	+2.6%	6	-0.5	+3.6	▲	+1.8%	▲	+4.0%
NT	138.0	+0.1	7	▲	+0.5%	8	-0.3	+0.4	▲	+1.7%	▼	-3.8%
ACT	267.3	+3.6	5	▲	+3.9%	2	+4.9	-1.3	▲	+6.4%	▼	-3.6%

Notes: Seasonally adjusted values are used.

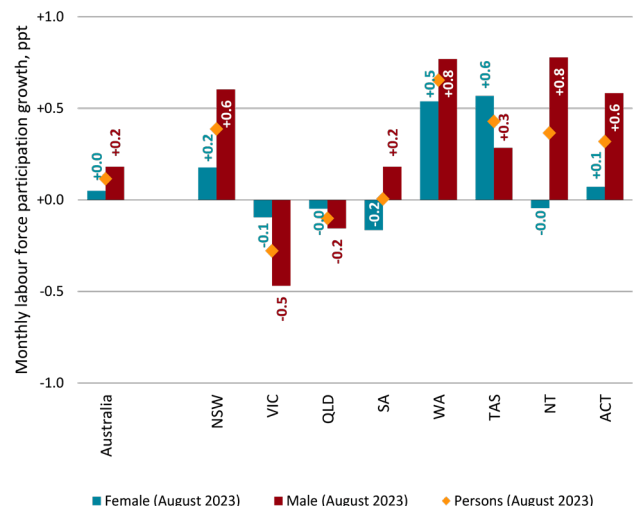
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0.

Figure 1: Employment growth by state and gender



Seasonally adjusted values are used. Figures show change from July 2023 to August 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 July 2023 to August 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 3.7 per cent.
- The unemployment rate for women decreased by 0.1ppt, to 3.6 per cent, and remained at 3.8 per cent for men.
- National underemployment increased by 0.2ppt to 6.8 per cent; remaining virtually unchanged for women at 7.8 per cent.

The national unemployment rate held steady at 3.7 per cent in August 2023 (see Table 2) despite the number of unemployed falling by 2,600 over the month. Unemployment rates grew relatively strongly in NT (+0.5ppt to 4.3%), NSW and WA (rising 0.3ppt to 3.6% and 3.8% respectively). The number of unemployed persons grew in NSW (+12,900) and WA (+5,500), while QLD and SA contributed most to the fall in unemployment with both delivering 0.4ppt reductions in unemployment rates to 4.1 per cent (-9,900 persons) and 3.6 per cent (-3,800 persons) respectively.

Breaking the data down by gender shows that the national unemployment rate for women fell by 0.1ppt to 3.6 per cent (see Figure 6), with roughly 7,100 fewer unemployed. At the state level, much of this difference was driven by decreasing unemployment in QLD, with 6,300 fewer unemployed women in the state compared to July 2023. This contributed to a 0.5ppt decrease in the female unemployment rate, down to 3.1 per cent.

Male unemployment fell strongly in SA, with roughly 2,700 fewer unemployed men leading to a 0.5ppt drop to 3.9 per cent in the state's male unemployment rate. On the other hand, unemployment rates among men increased by 0.4ppt in NSW and WA, adding 9,400 and 3,900 respectively to the counts of unemployed men.

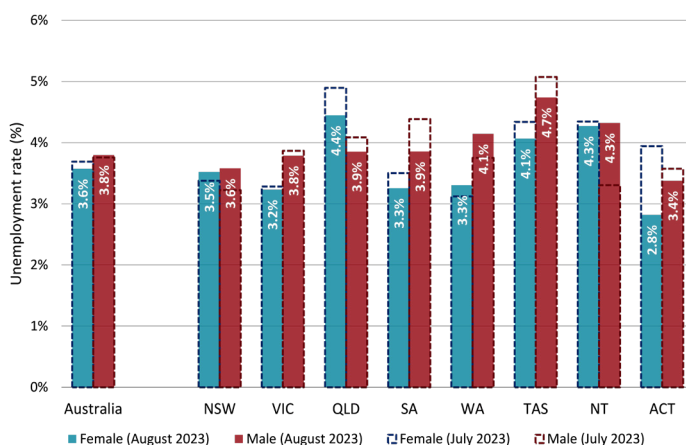
The national underemployment ratio increased by 0.2ppt to 6.8 per cent per cent this month, with virtually no change for women (remaining at 7.8 per cent of women workers reporting underemployment; see Figure 7) offset by a 0.3ppt increase for men (to 5.9%). At the state level, TAS saw the highest decrease in the female underemployment ratio by 1.3ppt to 9.0 per cent, counterbalanced by WA with a notable 0.9ppt increase in underemployment to a ratio of 8.7 per cent for the month of August 2023. Meanwhile, the NT saw the greatest rise in the underemployment ratio for men, increasing by 1.5ppt to 3.7 per cent, followed by NSW with a 0.8ppt rise to 5.8 per cent underemployment rate.

Table 2: Unemployment rates and changes: states and territories

	Unemployment Rate		Change (ppt) from:		Unemployed ('000)	Change ('000) from:	
	August 2023	Rank	July 2023	August 2022		July 2023	August 2022
Australia	3.7%	--	0.0	+0.2	540.5	▼ -2.6	+42.6
NSW	3.6%	3	▲ +0.3	+0.2	161.1	▲ +12.9	+11.5
VIC	3.5%	2	▼ -0.1	-0.3	133.4	▼ -2.7	-4.8
QLD	4.1%	6	▼ -0.4	+0.8	122.8	▼ -9.9	+27.1
SA	3.6%	4	▼ -0.4	-0.5	35.5	▼ -3.8	-3.4
WA	3.8%	5	▲ +0.3	+0.7	61.1	▲ +5.5	+12.6
TAS	4.4%	8	▼ -0.3	-0.1	13.4	▼ -0.8	-0.1
NT	4.3%	7	▲ +0.5	+0.1	6.2	▲ +0.7	+0.2
ACT	3.1%	1	▼ -0.7	+0.4	8.6	▼ -1.7	+1.3

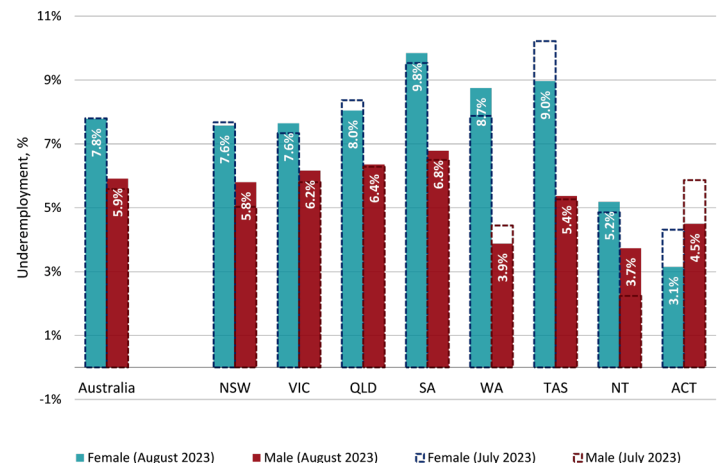
Notes: Seasonally adjusted values are used. State and territory numbers of unemployed people do not sum to the figures for Australia due to ABS seasonal adjustment methods. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0.

Figure 3: Unemployment rate by state and gender



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

Strength of the labour market

Key takeaways

- The number of advertised vacancies remains high, easing only marginally in August 2023.
- Sales workers saw vacancies increase by 5 per cent; and community and personal service workers the opposite.
- Average hours fell in all states and territories, down 0.9 per cent nationally.

The number of Internet job vacancies continues to signal strong demand for labour, with a minor decrease of 0.45 per cent in national vacancies during August 2023 (Figure 5) following a rise in July. The only state to record an increase in vacancies over the month was VIC; with a 1.8 per cent increase compared to July 2023. Vacancies appear to be trending down in SA, TAS and WA (albeit from a very high level), with growth in vacancies in VIC and NSW holding up the national index in recent months. Victoria's increase in vacancies was predominantly driven by growing demand for sales workers, whom saw a 9 per cent increase in the state in August. But it wasn't just in VIC that sales workers saw an increase; in fact, vacancies for the occupation increased in every state save for TAS, and an overall 5 per cent increase nationally. Meanwhile, demand for community and personal service workers

took a universal hit across all of Australia, with a 5 per cent decrease nationally, and decreases in every state; including a 5 per cent decrease in VIC and a 7 per cent decrease in WA.

Average monthly hours worked per worker declined across all of Australia's states and territories over the month of August 2023, with average hours falling by 0.9 per cent nationally, consistent with the jump in part-time jobs. NSW recorded a 1.5 per cent decrease in average hours worked; the most out of all the states. SA continued to have the lowest level of average hours worked, with 132.9 monthly hours per worker, whilst WA continued to have the highest out of the states, with 140.3 monthly hours.

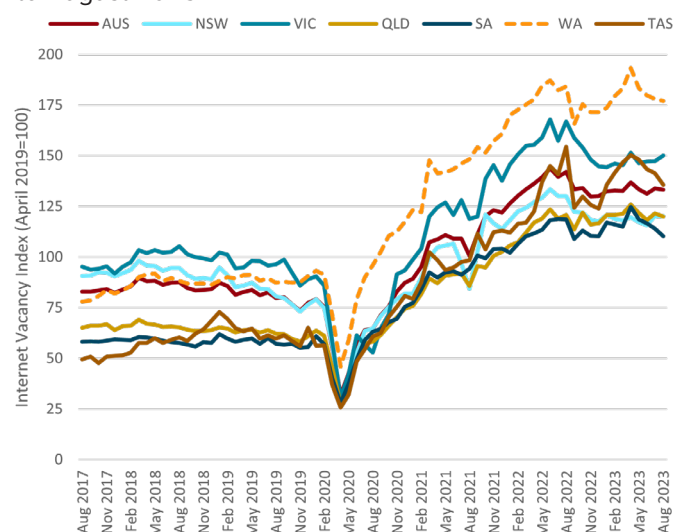
Table 3: Change in Internet Vacancy Index, by Occupation: July 2023 to August 2023

Major Occupation Group	Australia	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Managers	+2%	+0%	+3%	+0%	-4%	+0%	-11%	-1%	+2%
Professionals	+1%	+4%	-1%	-0%	+1%	-2%	-2%	+2%	+9%
Technicians And Trade Workers	-1%	-1%	+3%	-3%	-3%	-1%	-8%	+7%	+0%
Community And Personal Service Workers	-5%	-0%	-5%	-3%	-5%	-7%	-9%	-5%	-8%
Clerical And Administrative Workers	+2%	+1%	+4%	-1%	-5%	+0%	-7%	-1%	+8%
Sales Workers	+5%	+3%	+9%	+5%	+4%	+8%	-2%	-5%	+7%
Machinery Operators And Drivers	-3%	-4%	+0%	-2%	-2%	-1%	-15%	-0%	+11%
Labourers	-3%	-3%	+1%	-3%	-12%	+4%	-1%	-0%	+8%
Total	-0%	+0%	+2%	-1%	-3%	-1%	-4%	+1%	+4%

Notes: Seasonally adjusted values are used.

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

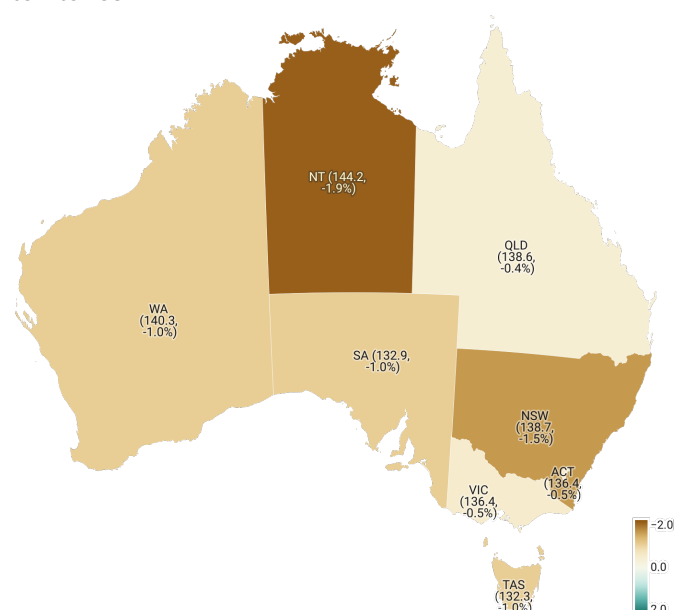
Figure 5: Internet Vacancy Index, by State: August 2016 to August 2023



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

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

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. ACT and NT figures are not shown.

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

Labour market dynamics

Key takeaways

- There was a net inflow of 28,500 persons into the labour force.
- The number of persons in part-time work increased by 82,700, with strong flows from full-time work and the unemployed into part-time jobs.
- 0.4ppt decrease in youth unemployment, down in all states save for NSW.

Data on labour force flows between July and August 2023 showed a net inflow of 28,500 persons into the labour force nationally (Figure 10) driven by a flow of 17,300 persons directly into full-time positions. Of greater consequence was a very large flow of 82,700 people moving into part-time work, primarily from full-time positions (a net flow of 60,200 persons) but also with flows from labour force non-participation (11,600 persons) and unemployment (10,900 persons). Otherwise, flows between unemployment and labour force non-participation were relatively constrained with a minor net outflow of 400 persons out of the labour force from unemployment for the month. Flows from unemployment into full-time working positions were also

positive (with a net 2,000 persons flowing into full-time jobs).

Whilst there was no movement in the overall unemployment rate, youth unemployment saw some minor but still notable decreases over the month of August 2023, falling by 0.4ppt to 8.5 per cent nationally (Figure 8). TAS recorded the largest decrease in youth unemployment of the states, falling 1.9ppt to 11.5 per cent, though it still has the highest rate of youth unemployment amongst them. NSW, despite recording the only increase in youth unemployment out of the states (+0.9ppt), managed to remain the state with the lowest youth unemployment rate (7.8%), followed closely by VIC (-1.4ppt, down to 7.9%).

Figure 7: AUS labour force flows: July 2023 to August 2023

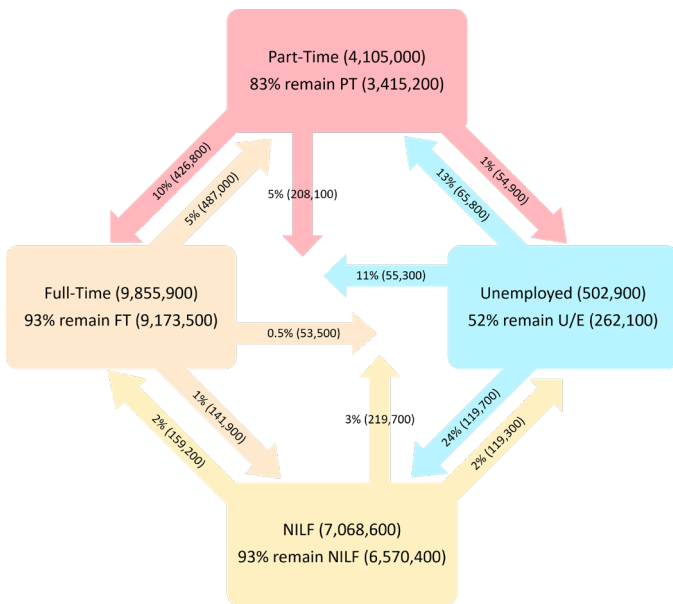
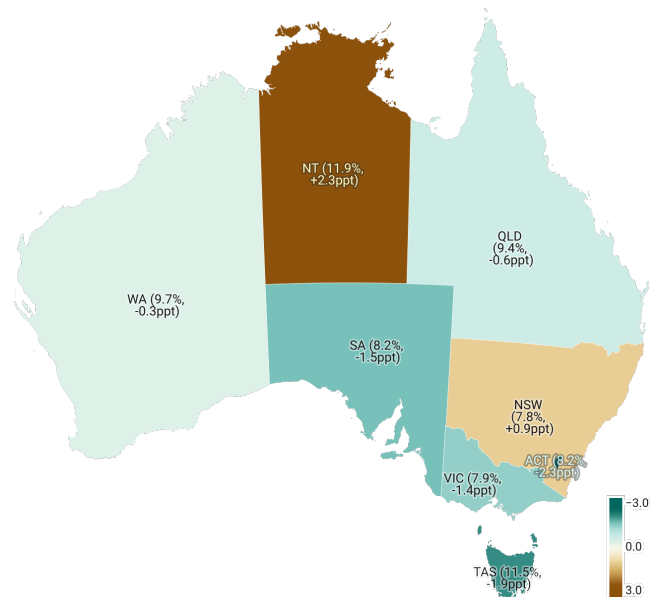


Figure 8: Youth unemployment rate: monthly change, states and territories



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 81% of ABS survey respondents in July 2023 were also present in the August 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 GM1.

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

Second jobs and overtime

Key takeaways

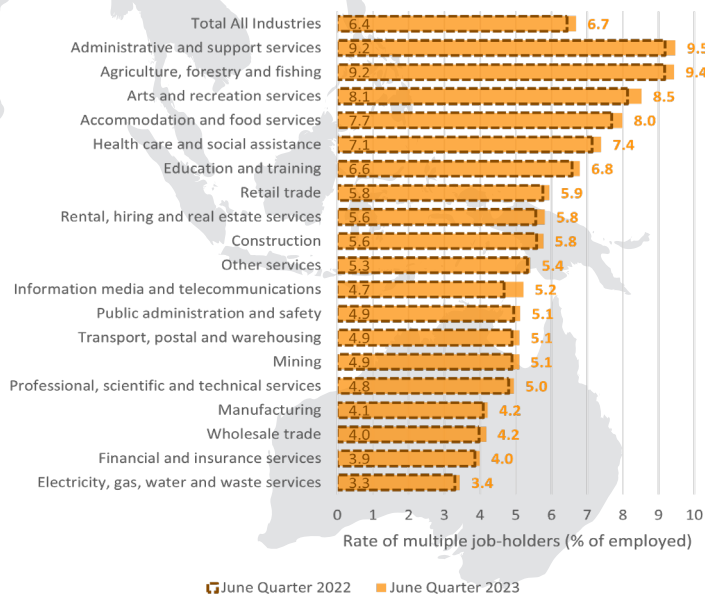
- The share of the labour force working multiple jobs increased by 0.3 points to 6.7 per cent over the year.
- Administrative and support service workers were the most likely to work multiple jobs, whilst electricity, gas, water, and waste service workers were the least.
- Overtime hours fell from 2.6 per cent of all hours to 2.5 per cent.

With cost-of-living pressures continuing to put pressure on family finances, many are seeking more work in order to get by. As one indicator of these pressures, the share of employed people working multiple jobs increased over the year to the June 2023 quarter, rising from 6.4 per cent of workers to 6.7 per cent (Figure 9). This translates to roughly 63,000 more Australians choosing or needing to work multiple jobs over the financial year.

However, despite rates of working multiple jobs increasing over the year to the June 2023 quarter, rates of overtime work have moved in the opposite direction over the same period. Overtime as a share of total hours worked fell from 2.6 per cent to 2.5 per cent (Figure 10). This equates to a decrease of roughly 4 million hours worked across Australia in the June 2023 quarter compared to the June 2022 quarter.

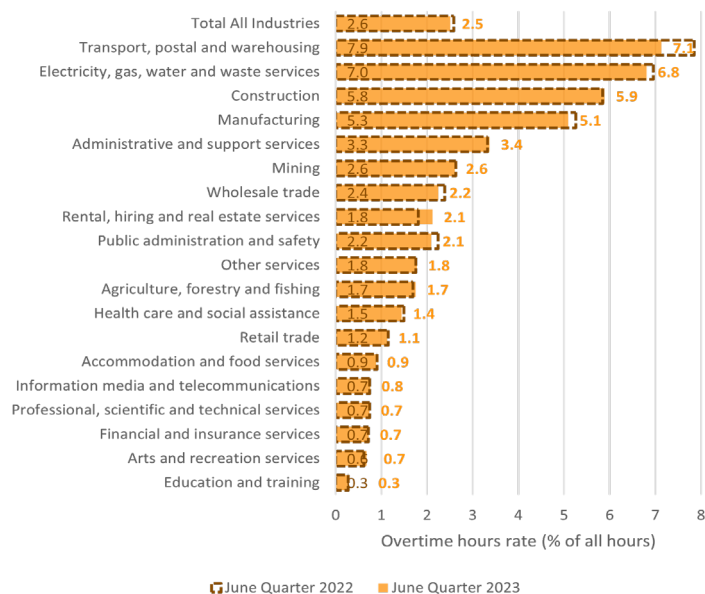
Administrative and support services workers - a sector that includes labour hire workers and industrial cleaning contractors - had the highest shares of multiple job holdings (increasing from 9.2% to 9.5% over the year). Workers in this sector also increased their overtime hours as a share of total hours worked (with overtime rates increasing from 3.3 per cent of total hours worked to 3.4 per cent). Workers in the transport, postal, and warehousing services sector - the top industry in terms of overtime rates - also dropped their overtime rates from 7.9 per cent of total hours down to 7.1 per cent. They were also among the least likely to work in more than one job, despite a modest year-on-year increase from 4.9 per cent to 5.1 per cent in the share of workers with multiple job holdings.

Figure 9: Share of workers holding multiple jobs, by industry, Australia, June Quarter 2022 and June Quarter 2023



Notes: Original values are used.
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No. 6150.0.55.003 Table 1, and Data Explorer Data.

Figure 10: Overtime hours as a share of total hours, by industry, Australia, June Quarter 2022 and June Quarter 2023



Notes: Original values are used.
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No. 6150.0.55.003 Table 1, and Data Explorer Data.



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