

October 2023

**BCEC**

Bankwest Curtin Economics Centre

# LABOUR MARKET UPDATE

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

- Inflation and interest rates to stay high for longer.
- Labour market stubbornly resilient, as jobs grow by 55,000 nationally.
- Real wages to keep falling in coming quarters.

## Jobs data in line with revised expectations

A lot has happened since our last MLMU. The September quarter CPI came in showing consumer prices up by 1.2 per cent for the quarter and 5.4 per cent over the year; the Reserve Bank hiked interest rates by another 25 basis points the day *Without a Fight* won the Melbourne Cup and released its Quarterly Statement on Monetary Policy later that week; and the Wage Price Index, another key gauge of inflation, came out just last week.

The sobering message from the month's developments is to expect inflation and interest rates to stay high for longer than previously expected, and for real wages to keep falling. In its Quarterly Statement on Monetary Policy, the RBA noted that economic growth has been below trend but still stronger than expected and 'conditions in the labour market have eased but they remain tight.' That is to say, tightening monetary policy is not working as quickly as anticipated to slow the economy and ease inflation.

The October labour force figures fell in line with that revised outlook. After employment contracted marginally in September, it rebounded by a very healthy 55,000 jobs this month, with a rise in the participation rate pushing the unemployment rate up by 0.1ppt to 3.7 per cent. The participation rate for women hit a further record high at 62.8 per cent. While part-time jobs accounted for most of the growth last month, full-time employment also grew at a solid 0.2 per cent. Despite the working-age population continuing to expand by around 55,000 people per month, there is little sign yet of the unemployment rate rising towards 4.5 per cent as per the RBA's script.

The Federal Government has been keen to flag the 1.3 per cent rise in the Wage Price Index (WPI) as the highest quarterly increase in wages since the series began in 1997. However, that rise can be primarily attributed to award rate indexation coming into effect at the beginning of July, stemming from the Fair Work Commission's annual wage review. By and large, the Commission tends to increase award wages in line with inflation, so this is simply putting a positive spin on the fact that leading up to the 2023 wage decision we had the highest inflation rate since the WPI series began.

For the September quarter, WPI growth did eclipse CPI growth, so on average real wages increased marginally for the quarter (0.1 per cent), but are down 1.3 per cent over the year. There'll be no wage indexation in the coming quarters, but plenty of inflation in the pipeline. A concerning feature of the September CPI data that seems to have received little attention was the rise in electricity prices. Electricity prices increased by 4.2 per cent in the quarter, but the ABS estimates they would have increased by 18.6 per cent without rebates from the Energy Bill Relief Fund.

Rebates will also suppress electricity prices for households in the December quarter, but it's just delaying the inevitable. We estimate the headline CPI will be boosted by around 0.5 of a percentage point by 'deferred' inflation from electricity prices over the coming quarters, on top of underlying inflation.

## The wild, wild west

It's hard to get a handle on what's going on in the Western Australian labour market at the moment. The unemployment rate has been particularly volatile. It fell by 0.5ppt in September to equal NSW with the lowest unemployment rate of all the states and territories at 3.3 per cent. In November it jumped back up by 0.5ppt. The volatility can be attributed to estimates for men: the male unemployment rate dropped 0.8ppt in September and leapt back up by 0.9ppt to 4.0 per cent in November. In contrast, WA's female unemployment rate remained unmoved at 3.3 per cent from August to November.

The swings in the unemployment rate seem to stem from ABS estimates of the male participation rate, which suggest an exodus of men from the WA labour market in September only to return this month. Male and female employment have both grown strongly over the last 3 months, but the estimates suggest all that growth has been in part-time jobs for men, and mainly in full-time jobs for women. WA vacancy levels remain near record highs, with a growing gap between it and the other states as vacancies around the rest of the country begin to decline. When the dust settles, we expect the WA unemployment rate to average below 4 per cent for some time yet.

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## Labour market fundamentals

## Key takeaways

- Nationally, the number of people employed increased by 55,000 persons.
- This resulted from 17,000 more full-time workers and 37,900 more part-time workers.
- At 67.0 per cent, the national participation rate increased 0.2ppt.

The Australian labour market saw an increase in the number of employed persons of 55,000 workers, or 0.4 per cent, in October (Table 1). This was a result of a substantial increase in part-time employment by 37,900 positions along with an increase of 17,000 workers in full-time positions. The uptrend in part-time positions was led by NSW (22,900 more part-time workers), followed by VIC (+7,800) and QLD (+6,200). VIC led the growth in full-time workers, with 26,600 more jobs, followed by WA (+5,100) and QLD (+4,300). NSW countered the trend with a decrease of 2,800 full-time workers, followed by NT and SA with a decrease of 1,100 and 1,000 positions, respectively.

National employment increased by 0.2 per cent for men and 0.6 per cent for women. Once again, both genders evidenced growth in part-time work (0.4 per cent for women and 1.9 per cent for men), while full-time work increased for women (+0.7 per cent) and fell for men (-0.2 per cent). As shown in Figure 1, whilst men saw decreases in full-time

workers in most states and territories, there was a strong increase in female full-time workers for WA and TAS (1.8 per cent and 1.7 per cent, respectively), offset by NT and VIC, which had a 0.8 per cent and a 0.2 per cent decrease, respectively. The highest increase in female part-time workers was in VIC with a 2.1 per cent increase, followed by QLD with a 1.2 per cent increase.

At 67.0 per cent, the national participation rate increased 0.2ppt. This was driven a 0.3ppt increase in the male participation rate (to 71.3 per cent), showing signs of recovery after the drop in September (Figure 2). Women recorded a marginal increase in the participation rate of 0.1ppt, hitting another record high of 62.8 per cent. NT led the way in rising male participation with a 2.6ppt increase, followed by VIC (+1.2ppt) and WA (+1.1ppt). NSW saw the highest participation increase for women, with a 0.4ppt increase (to 61.7%).

Table 1: Employment changes: states and territories

	Employed Persons ('000)	Change from:				Change from September 2023 ('000)		Change (%) from October 2022	
		September 2023 ('000)	Rank	October 2022 (%)	Rank	Full-Time	Part-time	Full-Time	Part-time
Australia	14,173.5	+55.0	---	▲+3.0%	---	+17.0	+37.9	▲+2.2%	▲+4.9%
NSW	4,387.7	+20.1	2	▲+1.9%	6	-2.8	+22.9	▲+1.5%	▲+2.7%
VIC	3,687.1	+34.3	1	▲+4.7%	1	+26.6	+7.8	▲+2.7%	▲+9.3%
QLD	2,864.7	+10.6	3	▲+2.6%	4	+4.3	+6.2	▲+2.3%	▲+3.2%
SA	959.0	+2.3	5	▲+3.5%	3	-1.0	+3.3	▲+3.4%	▲+3.7%
WA	1,574.3	+9.4	4	▲+4.0%	2	+5.1	+4.3	▲+2.6%	▲+7.2%
TAS	286.9	-4.2	8	▲+0.0%	8	-0.9	-3.3	▲+1.4%	▼-2.5%
NT	139.8	+1.6	7	▲+0.9%	7	-1.1	+2.7	▲+2.2%	▼-3.6%
ACT	268.3	+1.9	6	▲+2.4%	5	+1.5	+0.4	▲+1.8%	▲+4.2%

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

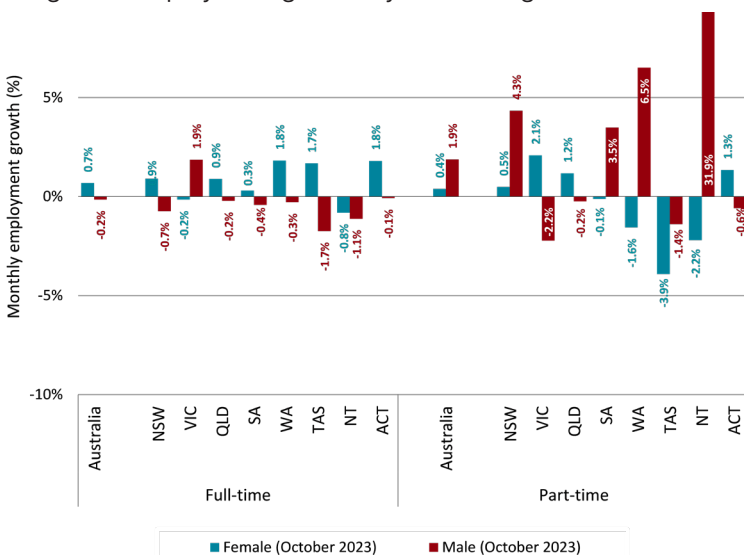
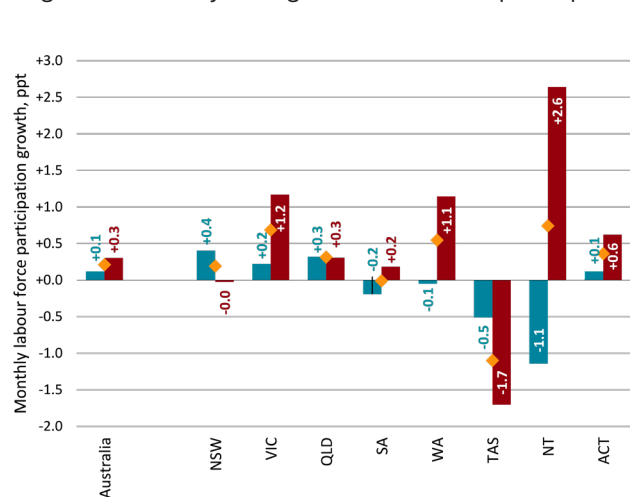
Notes: Seasonally adjusted values are used. Figures show change from September 2023 to October 2023. ACT and NT values are generally more volatile than other states.  
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0.

Figure 2: Monthly change in labour force participation

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

## Underemployment and unemployment

### Key takeaways

- The national unemployment rate increased 0.1ppt to 3.7 per cent.
- The unemployment rate for women decreased by 0.1ppt, to 3.6 per cent, and rose to 3.9 per cent for men.
- National underemployment remained steady at 6.6 per cent.

The national unemployment rate increased by 0.1ppt to 3.7 per cent in October 2023 (Table 2); with the number of unemployed persons increasing by 27,900. Sizeable increases in the unemployment rate were observed for WA (+0.5ppt to 3.8 per cent), and QLD (+0.4ppt to 4.3 per cent). It is important to note both those states experienced rising employment and increases in their participation rates, rather than weakening labour markets. In terms of the number of unemployed persons, the most substantial increases were observed in VIC (+14,600) and QLD (+11,600). SA, NT and TAS countered the national uptrend, all with 0.1ppt decreases in their unemployment rates.

Across gendered lines, women nationally saw a slight drop in the unemployment rate, decreasing by 0.1ppt to 3.6 per cent (Figure 3), with roughly 7,300 fewer women being unemployed. At the state level, much of this difference was driven by decreasing unemployment in VIC, with 3,600 fewer unemployed women in the state when compared to September 2023, contributing to a 0.3ppt decrease

in the female unemployment rate, down to 3.3 per cent. Nationally, the male unemployment rate increased by 0.5ppts to 3.9 per cent. VIC evidenced the biggest increase in men's unemployment numbers with roughly 18,200 more unemployed men, resulting in a 0.8ppt increase to 4.2 per cent unemployment; followed by QLD with 11,600 more unemployed men, leading to a 0.9ppt increase in the unemployment rate to 4.3 per cent.

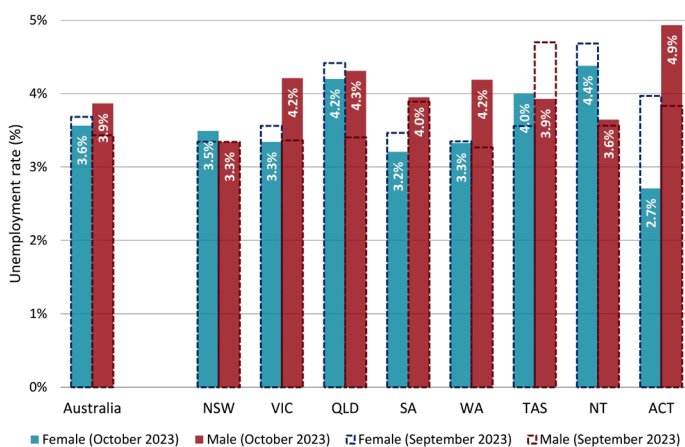
The national underemployment ratio remained unchanged at 6.6 per cent this month (Figure 4), evidencing a 0.2ppt increase for women (to 7.7 per cent of women workers reporting underemployment; Figure 7) countered by a 0.2ppt decrease for men (to 5.5 per cent). At the state level, NSW saw the highest increase in the female underemployment ratio by 0.6ppt to 7.2 per cent, counterbalanced by NT with a 1.4ppt decrease to a ratio of 4.5 per cent. Meanwhile, the NT saw the greatest increase in the underemployment ratio for men, rising by 3.0ppt to 5.6 per cent.

Table 2: Unemployment rates and changes: states and territories

	Unemployment Rate	Rank	Change (ppt) from:		Unemployed ('000)	Change ('000) from:	
			September 2023	October 2022		September 2023	October 2022
Australia	3.7%	--	▲ +0.1	+0.3	547.8	▲ +27.9	+64.0
NSW	3.4%	1	▲ +0.1	+0.4	155.0	▲ +3.9	+20.8
VIC	3.8%	4	▲ +0.3	+0.1	145.4	▲ +14.6	+9.8
QLD	4.3%	8	▲ +0.4	+1.0	127.3	▲ +11.6	+31.3
SA	3.6%	2	▼ -0.1	-0.6	35.8	▼ -0.8	-4.5
WA	3.8%	3	▲ +0.5	+0.2	62.0	▲ +8.5	+6.3
TAS	4.0%	6	▼ -0.1	+0.1	11.8	▼ -0.7	+0.2
NT	4.0%	7	▼ -0.1	+0.3	5.8	▼ -0.1	+0.5
ACT	3.9%	5	▼ 0.0	+0.8	10.7	▼ -0.1	+2.4

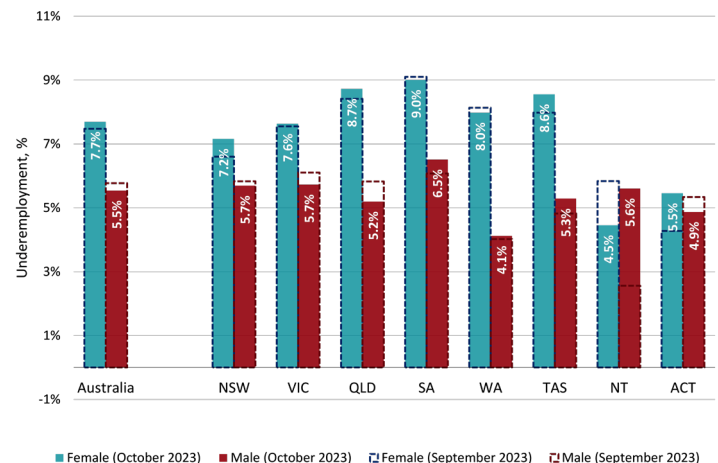
Notes: Seasonally adjusted values are used. State and territory numbers of unemployed people do not sum to the figures for Australia due to ABS seasonal adjustment methods.  
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Figure 3: Unemployment rate by state and gender



Notes: Seasonally adjusted values are used.  
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

- Vacancies have continued to decline in October, with a sharp drop in VIC.
- Vacancies fell across the board by occupation; labourers hit the hardest
- Average monthly hours worked fell nationwide by 0.5 per cent.

The internet vacancy index fell by an additional 3.8 per cent over the month of October 2023; driven this month by a sharp 7 per cent drop in vacancies observed in VIC (Figure 5). NSW also saw a 3 per cent decline in overall vacancies, and QLD a 1 per cent decline. SA saw a 1 per cent increase over the month, alongside WA with a similar result.

Whilst there were declines in advertised vacancies across the entire occupational spectrum once again this month (Table 3), demand for managers seems to have held up the best, with a relatively minor 2 per cent decline in NSW alongside a 3 per cent decline in VIC, but a notably strong 9 per cent increase in vacancies for managers in WA. Meanwhile, the primary driver of VIC’s vacancies decline appear to have been labourers, with a marked 12 per cent decline in online vacancies over the month in the

state, contributing to an 8 per cent decline in vacancies at the national level.

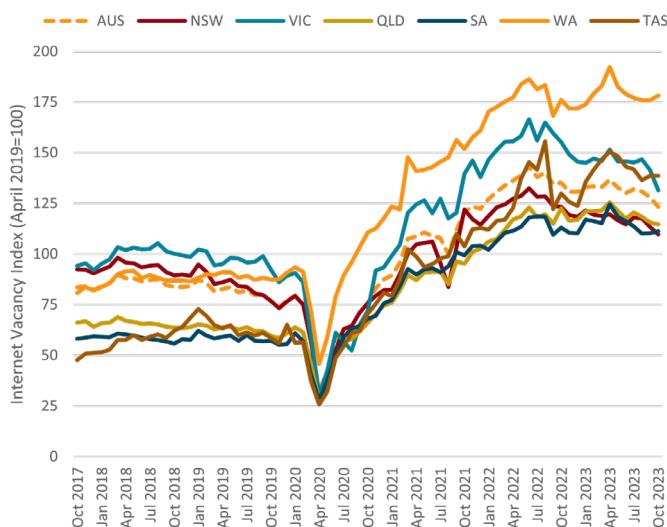
Average hours worked per worker over the month of October 2023 saw a very marginal 0.1 per cent increase nationally, to a total of 136.8 hours (Figure 6). QLD and SA were the primary drivers of this upward shift, with a 1.7 per cent increase in average hours in the former and a 0.5 per cent increase in the latter. Meanwhile, average hours declined in all other states and territories; average hours in TAS dropped by a considerable 2.4 per cent, down to a national low of 129.7 average hours worked. QLD now holds the title of having the highest average hours (140.0), with WA and NT not very far behind, both recording 138.8 average hours per worker over the month.

Table 3: Change in Internet Vacancy Index, by Occupation: September to October 2023

Major Occupation Group	Australia	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Managers	-1%	-2%	-3%	+1%	-1%	+9%	-5%	+15%	-3%
Professionals	-2%	-1%	-3%	-1%	+1%	+2%	+3%	+6%	+1%
Technicians And Trade Workers	-4%	-3%	-8%	+1%	-1%	+1%	-5%	-4%	+2%
Community And Personal Service Workers	-7%	-5%	-9%	-3%	+1%	-2%	+5%	+13%	-5%
Clerical And Administrative Workers	-3%	-6%	-4%	+3%	+3%	+3%	-2%	+4%	-0%
Sales Workers	-6%	-8%	-9%	-4%	+1%	-2%	-9%	-6%	-1%
Machinery Operators And Drivers	-3%	-1%	-8%	+0%	-0%	+1%	+2%	-11%	-9%
Labourers	-8%	-8%	-12%	-1%	+4%	+2%	-2%	+3%	-16%
Total	-4%	-3%	-7%	-1%	+1%	+1%	-0%	+3%	-2%

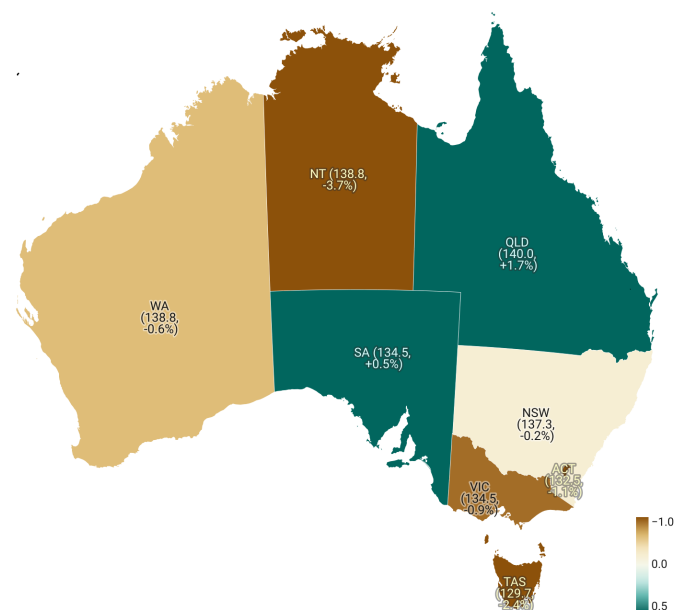
Notes: Seasonally adjusted values are used.  
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Government, Jobs and Skills Australia.

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



Notes: Seasonally adjusted values are used. ACT and NT figures are not shown.  
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Government, Jobs and Skills Australia.

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.



Labour market dynamics

Key takeaways

- There was a net inflow of 65,200 people into the labour force.
- Largest contributor was a net 34,100 persons entering the pool of unemployed from outside the labour market.
- 1.3ppt increase in youth unemployment; NSW the only state to not increase.

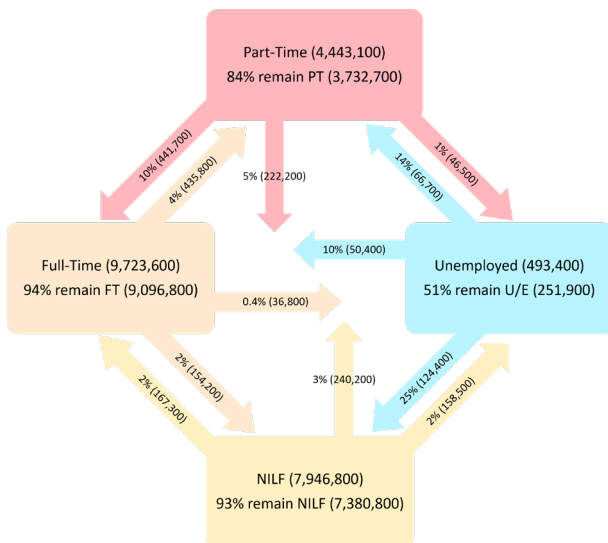
A net of 65,200 people moved into the labour force on flows measures for October 2023 (Figure 7). Of those not in the labour force in September 2023, 2 per cent entered both full-time work (equal to 167,300 persons) and unemployment (158,500 persons), whilst 3 per cent entered the labour force via part-time work (240,200 persons). There was also a net outflow from part-time work into full-time work of roughly 5,900 persons. A net flow of 33,800 persons out of unemployment into either part or full-time work was more than offset by a net flow of 34,100 persons entering unemployment from outside the labour market.

Youth unemployment saw a much larger increase over the month than overall unemployment, with every state save for NSW seeing an increase in the youth unemployment rate in October (Figure 8). QLD saw a dramatic 3ppt increase in youth unemployment, with 10 per cent of the state’s youth labour force being unemployed; the highest out of any state. WA and VIC were not far behind, however; the former seeing

a 2.1ppt increase to a rate of 9.7 per cent, and the latter a 1.8ppt increase to a rate of 9.9 per cent. With a decline of 0.1ppt, NSW now holds the honour of having the lowest youth unemployment rate out of all the states at 8.1 per cent.

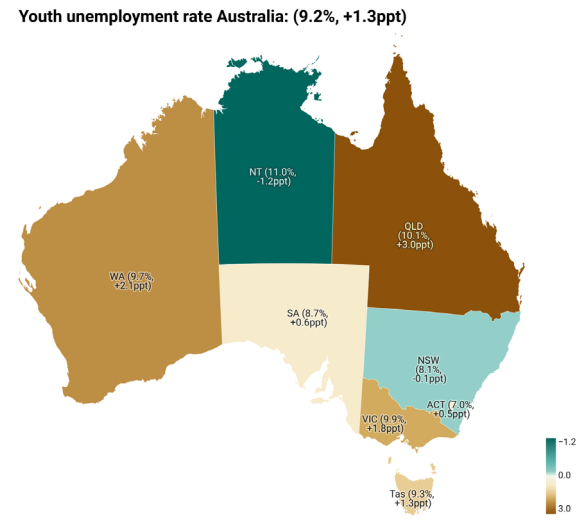
Recent data from the release of the Survey of Education and Work added some interesting context to this month’s youth unemployment figures (Table 4). Compared to 2022, 2023 saw a marginal 0.1ppt decline in the overall share of persons aged 15-24 engaged in study or work. Across education lines, this was mostly driven by a decline in the share of engaged youths with diploma, advanced diploma, or certificate III/IV qualifications. Regionally, a strong increase in youth numbers in major cities accompanied a share-decline in engagement. Meanwhile, the share of youths engaged in work or study in outer regional and remote areas increased by a notable 5.6ppt between 2022 and 2023, to surpass the rate in inner regional areas.

Figure 7: AUS labour force flows: September 2023 to October 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 78% of ABS survey respondents in September 2023 were also present in the October 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

Figure 8: 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 September 2023 to October 2023. Youths are persons aged between 15 and 24.  
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0.

Table 4: Youth engagement in study or the labour force, by level of education or remoteness area, 2022 and 2023

Level of highest educational attainment	2022			2023			Ppt Change
	Engaged	Total Persons	Eng. Rate	Engaged	Total Persons	Eng. Rate	
Bachelor Degree or above	333.4	347.6	95.9	334.6	349.7	95.7	-0.2
Advanced Diploma/Diploma	95.5	102.1	93.5	107.6	116.6	92.3	-1.3
Certificate III/IV	259.2	288.3	89.9	279.4	314.5	88.8	-1.1
Year 12 or equivalent	1,008.5	1,111.9	90.7	1,115.7	1,205.4	92.6	1.9
Year 11	373.2	398.8	93.6	354.5	377.7	93.9	0.3
Year 10	388.3	424.9	91.4	416.8	461.2	90.4	-1.0
Below Year 10	338.2	365.3	92.6	363.0	390.2	93.0	0.4
<b>Total</b>	<b>2,834.7</b>	<b>3,070.9</b>	<b>92.3</b>	<b>3,001.0</b>	<b>3,253.7</b>	<b>92.2</b>	<b>-0.1</b>

Remoteness areas	2022			2023			Ppt Change
	Engaged	Total Persons	Eng. Rate	Engaged	Total Persons	Eng. Rate	
Major cities	2,126.9	2,284.3	93.1	2,297.3	2,471.4	93.0	-0.2
Inner regional	485.9	533.8	91.0	451.9	502.0	90.0	-1.0
Outer regional, Remote & Very Remote	217.5	252.8	86.0	253.0	276.1	91.6	5.6
<b>Total</b>	<b>2,834.7</b>	<b>3,070.9</b>	<b>92.3</b>	<b>3,001.0</b>	<b>3,253.7</b>	<b>92.2</b>	<b>-0.1</b>

Notes: "Engaged" persons are persons either studying or in part or full-time employment. Youths are persons aged between 15 and 24.  
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Survey of Education and Work, 2023 release.

## Wages and inflation

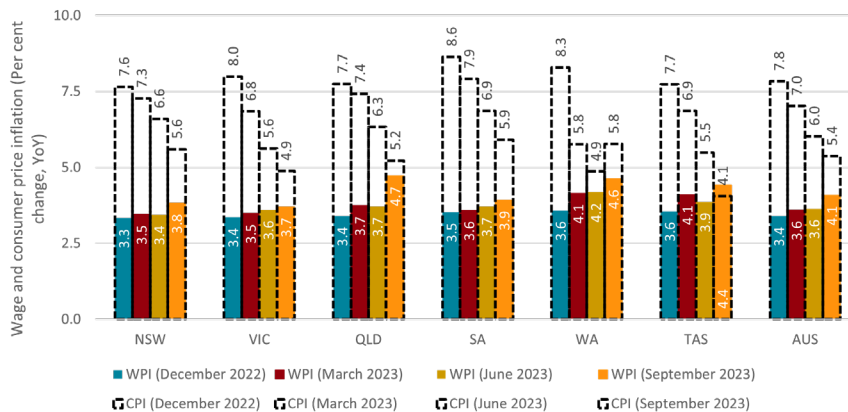
## Key takeaways

- The gap between wages and inflation reduced in the September quarter, easing the rate at which real wages are falling..
- TAS the only state to see real wage growth over the year.
- WA saw an acceleration in real wage decline; driven by rising inflation over the year.

The gap between year-on-year wage price growth and consumer price growth continued to shrink over the latest quarter; falling from a 2.4ppt gap to a 1.3ppt gap nationally (Figure 9). Much of this change was thanks to moderating inflation in the eastern states. Nonetheless, wage price growth is picking up nationally, with yearly growth rising from 3.6 per cent in the June quarter to 4.1 per cent in the September quarter, 2023. TAS has seen actual real wage growth compared to September 2022, with WPI growth 0.3ppt higher than CPI growth. Among the other states, QLD now has the slowest rate of real wage decline, with a 0.5ppt gap between WPI and CPI growth.

However, one state saw a notable deviation from the national trend, with a widening gap between WPI and CPI growth over the year. WA saw the annual rate of inflation rise 0.9 points in the September quarter 2023, which could add to concerns of a future wage-price spiral. However, CPI measures for WA indicate that the main driver of inflation over the year was skyrocketing rents more likely to be driven by low rental vacancy rates rather than growth in workers' incomes.

Figure 9: Annual change in WPI and CPI, December 2022 to September 2023, by State



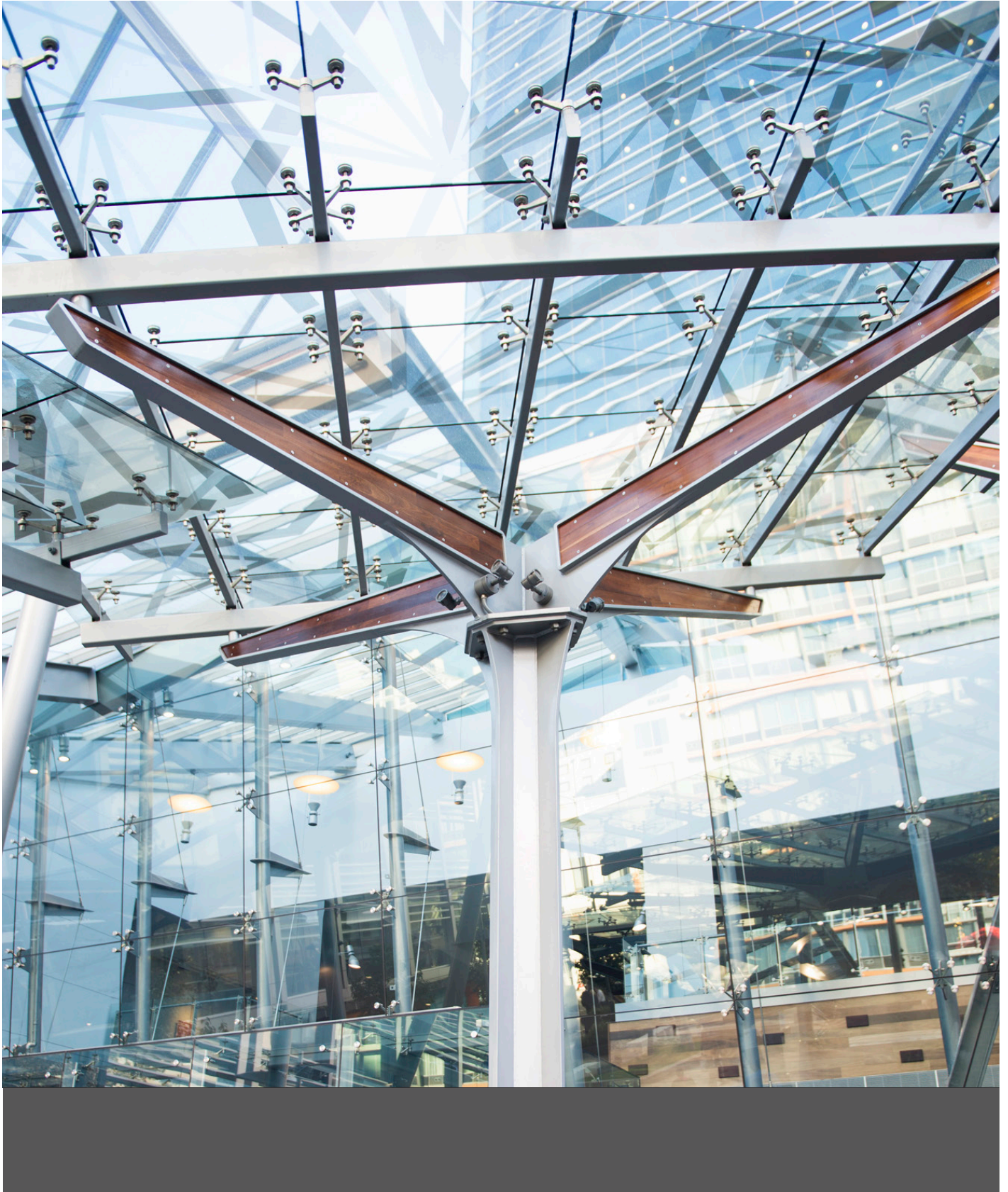
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No. 6401 Table 3 and No. 6345 Table 2b.

Table 5: CPI Growth, Year to September 2023, by Capital City and CPI Group

CPI Category	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Australia
Insurance and financial services	7.8	8.8	9.7	6.9	9.5	8.6	8.6
Housing	7.7	5.6	5.3	9.1	10.7	4.3	7.0
Recreation and culture	6.8	5.5	5.5	5.0	3.6	4.6	5.6
Transport	6.0	4.9	6.4	6.3	5.8	3.8	5.6
Health	5.3	5.1	7.0	5.0	4.9	5.1	5.4
Alcohol and tobacco	4.7	4.9	5.2	5.6	4.9	3.3	4.9
Education	2.4	5.4	7.1	5.9	5.9	7.2	4.8
Food and non-alcoholic beverages	5.2	4.5	4.6	5.4	4.5	4.5	4.8
Furnishings, household equipment and services	3.2	1.8	2.4	2.8	2.7	0.8	2.5
Communication	1.4	1.4	1.3	1.3	1.2	1.4	1.3
Clothing and footwear	0.4	0.8	1.1	0.8	1.7	2.1	0.9
<b>All groups CPI</b>	<b>5.6</b>	<b>4.9</b>	<b>5.2</b>	<b>5.9</b>	<b>5.8</b>	<b>4.1</b>	<b>5.4</b>

Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No. 6401 Table 9





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