



BCEC

Bankwest Curtin Economics Centre

LABOUR MARKET UPDATE

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

Professor Alan Duncan



Headline Labour Market Indicators Conceal Underlying Fragility

The latest ABS Labour Force figures point to some positive signs that the labour market is on the up, with an additional 19,900 Australians in work and unemployment remaining stable at 5.8% on trend figures. However, there remain concerns about the fragility of these headline labour market indicators. Total monthly hours worked have fallen for the third month in succession, and by an aggregate of 4.4 million hours since the start of 2017. With employment growth concentrated mostly in part-time work, low private sector wage growth of 0.5% over the last quarter, and underemployment on the rise, the signs point to a weaker labour market than headline figures suggest. Wage growth and tax revenue projections in this year's budget look overly optimistic on latest evidence, as does the projected return to budget balance by 2020-21.

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The New World of Part-time Work

The part-time work narrative continues to wind its way through the Australian labour market, with part-time work growing at a faster pace than full-time work in most states and territories. While part-time work can be a preference for many employers and employees, the corresponding increase in underemployment tells a story of increasing dissatisfaction with part-time hours.

More than 1 million Australians remain in a state of underemployment, with women making up almost 60% of this group. Taken together with the number of unemployed, this sees the number of Australian's underutilised in the labour force reach more than 1.7 million - and that's without counting discouraged workers who aren't captured in these statistics.

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WA Labour Market Still Weak

While WA has seen an improvement in employment, with an additional 2,400 jobs in the month of April, year-to-date employment growth still only sits at 0.3%. This represents the second slowest growth rate among all states and territories - with only NSW performing worse.

The unemployment rate for WA has decreased marginally, but it still remains higher than national figures at 6.1% and underemployment is growing faster in the West than in other states and territories.

Youth unemployment has also seen a deterioration, with WA levels at 12.5%, increasing by 0.06 points across April. Job creation and training are key priorities if we are to enable young people to access employment opportunities.

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Table 1: Employment Changes - states and territories

The number of people employed in Australia increased by 19,900 persons between March 2017 and April 2017. This represents a year-to-date increase of 1.3%.

All states except SA and ACT saw an increase in the number of people employed in the month to April 2017.

On a year-to-date measure, employment in the NT has increased the most, by 6.9%. This is followed by Victoria with employment growth of 3.3%.

WA, Qld and NSW have all seen marginal increases (<1%) in the number of persons employed in the year to April 2017.

Nationally, the number of persons employed full-time has increased slightly by 0.6% on a year-to-date measure. NSW, Qld, ACT and Tasmania have all seen a decrease in full-time employment between April 2016 and April 2017. Part-time employment has seen stronger growth, increasing by 2.7% across the same period. The NT and Tasmania have both seen the biggest increase in part-time employment in the last 12 months - 23% and 9.1% respectively. VIC and ACT are also recording strong part-time employment growth.

	Employed Persons ('000)	Change from:				Change from Mar-2017 ('000)		Change (%) from Apr-2016	
		Mar-2017 ('000)	Rank	Apr-2016 (%)	Rank	Full-Time	Part-time	Full-Time	Part-time
Australia	12,071.3	▲ +19.9	---	▲ 1.3%	---	+12.3	+7.5	▲ 0.6%	▲ 2.7%
NSW	3,803.7	▲ +3.7	3	▲ 0.1%	8	-0.3	+3.9	▼ -0.3%	▲ 0.9%
VIC	3,117.3	▲ +6.5	2	▲ 3.3%	2	+1.7	+4.8	▲ 2.2%	▲ 5.6%
QLD	2,373.0	▲ +6.6	1	▲ 0.6%	6	+4.7	+1.9	▼ -0.5%	▲ 3.2%
SA	817.3	▼ -0.6	8	▲ 0.9%	5	+0.0	-0.6	▲ 0.8%	▲ 1.1%
WA	1,351.1	▲ +2.4	4	▲ 0.3%	7	+5.0	-2.6	▲ 1.6%	▼ -2.6%
TAS	241.3	▲ +0.6	6	▲ 1.9%	3	+0.5	+0.1	▼ -1.9%	▲ 9.1%
NT	142.1	▲ +0.7	5	▲ 6.9%	1	+0.1	+0.6	▲ 3.1%	▲ 23.0%
ACT	215.3	▼ -0.2	7	▲ 1.5%	4	-0.4	+0.2	▼ -0.9%	▲ 8.3%

Source: BANKWEST CURTIN ECONOMICS CENTRE | AUSTRALIAN BUREAU OF STATISTICS Cat No 6202.0

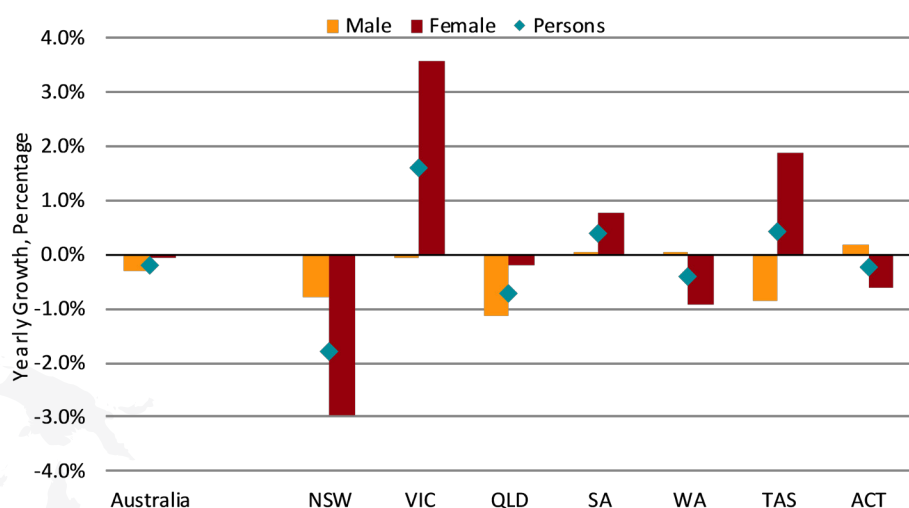
Notes: Trend values are used. Numbers may not sum to totals due to rounding.

Figure 1: Growth in Participation Rate – states and territories

Nationally, the labour force participation rate (LFPR) has decreased between April 2016 and April 2017, by 0.19%. NSW and QLD have seen the largest decrease in the LFPR across this period of 1.8% and 0.7% respectively.

The LFPR has decreased on year-to-date measures for both men and women in NSW and QLD. LFPR for women in NSW has decreased the most – by almost 3.0%, whereas the LFPR has increased for women in Vic by 3.6%. The LFPR for men has declined or remained relatively unchanged across all states and territories.

LFPRs are driven by both the economic conditions and population composition of each state and territory.



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

Notes: Trend values are used. Figures show growth from April-2016 to April-2017.

Table 2: Unemployment Changes – states and territories

Currently 744,400 people are unemployed in Australia. Between March 2017 and April 2017, the national unemployment rate remained stable at 5.8% on trend figures, and 5.7% on a seasonally adjusted basis.

Most states saw little movement in their unemployment rate in the month to April 2017. SA saw a slight worsening and NSW and WA marginal improvements.

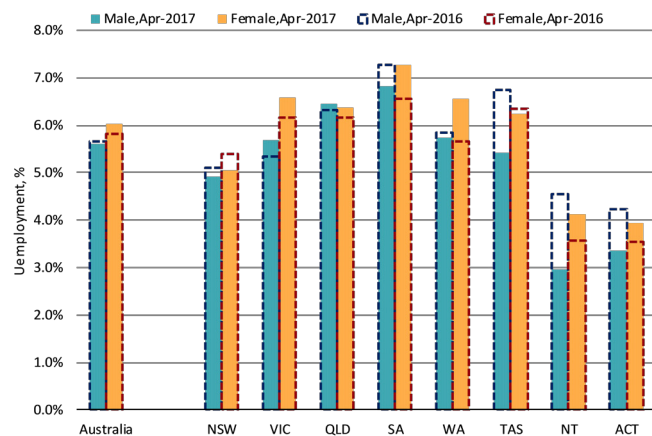
On a year-to-date measure, the VIC unemployment rate has increased the most, by 0.4 points. This is followed by WA, 0.3 percentage points higher than the same period last year. The number of unemployed persons in NSW has increased by almost 11,000 persons in the last year. VIC has seen a decrease of 19,500 in the number of unemployed.

	Unemployment Rate	Rank	Change (ppt) from:		Unemployed ('000)		Change ('000) from:	
			Mar-2017	Apr-2016	Apr-2016	Mar-2017	Apr-2016	Apr-2016
Australia	5.8%	--	▲ 0.0	▼ +0.1	724.1	▲ -1.7	▲ -20.3	
NSW	5.0%	3	▲ -0.1	▲ -0.3	210.0	▼ +2.0	▼ +10.9	
VIC	6.1%	5	▲ 0.0	▼ +0.4	182.9	▲ -1.5	▲ -19.5	
QLD	6.4%	7	▲ 0.0	▼ +0.2	156.9	▲ -1.4	▲ -5.8	
SA	7.0%	8	▼ +0.1	▼ +0.1	60.4	▲ -1.3	▲ -1.4	
WA	6.1%	6	▲ -0.1	▼ +0.3	82.4	▼ +1.5	▲ -5.4	
TAS	5.8%	4	▲ 0.0	▲ -0.8	16.6	▼ +0.1	▼ +1.8	
NT	3.5%	1	▲ 0.0	▲ -0.6	5.7	▲ 0.0	▼ +0.5	
ACT	3.6%	2	▲ 0.0	▲ -0.3	8.6	▼ +0.1	▼ +0.5	

Source: BANKWEST CURTIN ECONOMICS CENTRE | AUSTRALIAN BUREAU OF STATISTICS Cat No 6202.0

Notes: Trend values are used.

Figure 2: Unemployment Rate by gender – states and territories

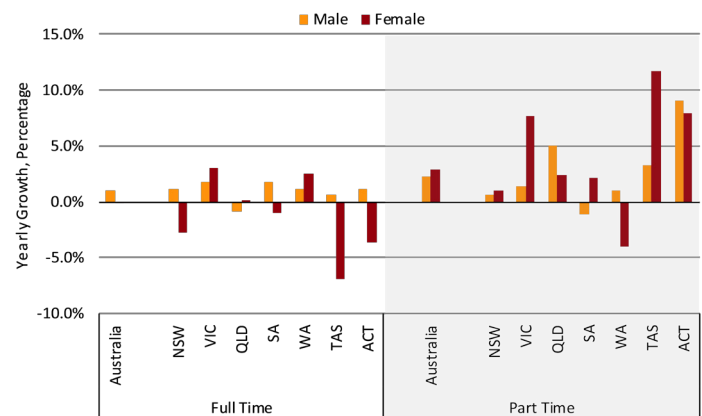


Source: BANKWEST CURTIN ECONOMICS CENTRE | AUSTRALIAN BUREAU OF STATISTICS Cat No 6202.0

Notes: Trend values are used.

Nationally, the unemployment (u/e) rate is higher for women than men – 6.0% compared to 5.6%. SA has the highest u/e rate for both women and men – 7.3% and 6.8%. For SA men this marks a year-to-date improvement, for SA women a deterioration. While the u/e rate for men has remained relatively stable or improved for most states, for women it has typically worsened. NSW has seen a year-to-date improvement in u/e for both men and women.

Figure 3: Yearly growth in full-time and part-time Employment

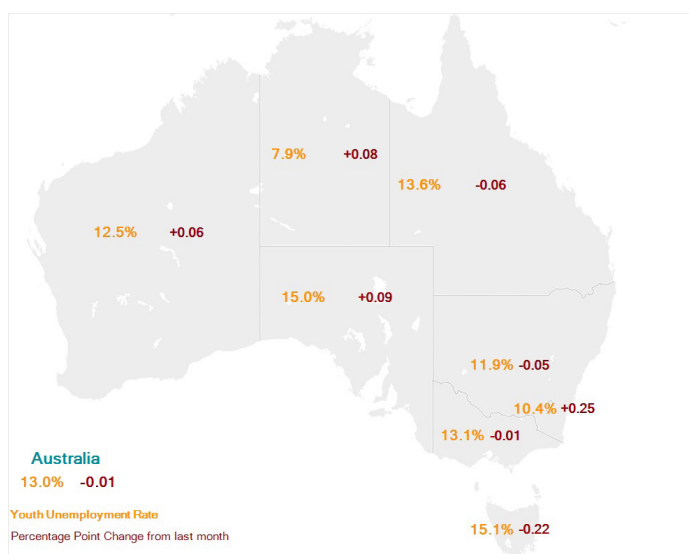


Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Notes: Trend values are used – Figures show growth from Apr-2016 to Apr-2017.

Growth in part-time work is evident for both men and women on year-to-date measures from April 2016 to April 2017. Part-time employment for women has increased across all states with the exception of WA. Full-time employment for women has decreased over the period in all states except VIC, QLD and WA. TAS has seen the biggest fall – decreasing by 6.8% on year-to-date measures. Male full-time employment has decreased in QLD, but increased in all other states.

Figure 4: Youth Unemployment – states and territories



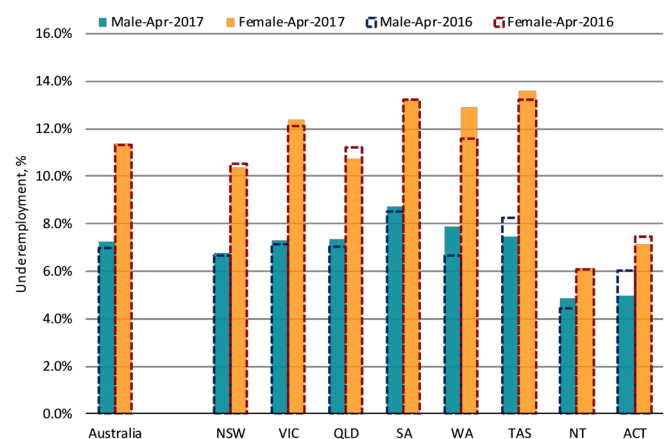
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Notes: Figure shows unemployment rate for 15-24 years old – For states and territories values are smoothed using 13-month rolling average- percentages are rounded.

Nationally, the youth unemployment rate sits at almost 13.0%, decreasing marginally by 0.01% between March and April. Youth unemployment is the highest in TAS at 15.1%, followed closely by SA (15.0%), QLD (13.6%) and WA (12.5%). The NT and ACT have the lowest youth unemployment rates – at 7.9% and 10.4% respectively.

SA and the ACT have seen the greatest increases in the youth unemployment rate in the month to April 2017. TAS has seen the greatest improvement in youth unemployment.

Figure 5: Underemployment Ratio by gender



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

Notes: Values are smoothed using 13-month rolling average. Underemployment ratio is the number of persons that worked part-time hours and wanted to work more hours as a proportion of the no. employed.

Nationally, underemployment stands at 11.3% for women and 7.2% for men. Underemployment is higher for women than men across all states and territories.

For women, Tasmania has the highest ratio at 13.6%, increasing from 13.2% in April 2016. For men, underemployment is highest in SA at 8.7%. Underemployment has increased the most in WA for both men and women in the last 12 months, by around 1.3 percentage points each.