

# BCEC

Bankwest Curtin Economics Centre

# LABOUR MARKET UPDATE

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

## Professor Alan Duncan



### Jobs creation is the key to labour market recovery

There are 27,000 more people employed nationally compared with a month ago, with strong growth particularly in Queensland (up 10,600), NSW (up 8,000) and Victoria (up 4,000). This gives cause for optimism that the country is getting back to work. But two caveats are worth noting. First, the types of jobs being added vary substantially across the country. In NSW and Victoria, all of the employment growth since July 2017 came in the form of full-time jobs, while in the mining states of WA and Queensland, part-time jobs are driving the lion's share of last month's growth. Second, despite the increase in employment numbers, the national trend unemployment rate remained at 5.6% for the third month in succession, with similar stability in most state jurisdictions.

What squares this particular circle is the increasing number of people looking for work - up 0.8% since July 2017 overall with an increase of 1.2% for women. Taken alongside the increase in underemployment in WA and Queensland, this shows just how important jobs creation will be in meeting the aspirations of people searching for jobs, and in driving our economic recovery.

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## Associate Professor Rebecca Cassells



### Construction sector driving employment growth

Australia's construction industry has seen the largest gains in employment over the last 12 months, adding an extra 45,000 workers to the sector - an increase of 4.3%. Growth has been spread across nearly all states, with NSW and Queensland leading the way - adding around 29,000 and 21,000 workers each. But it's not all roses, with WA shedding more than 8,000 jobs and employment in the sector falling overall by 5.7%. Wages growth, while still weak, has strengthened - could we say marginally? Well at least since the 2015-16 financial year, where the construction sector saw a 1.6% rise. This has now shifted to 1.8% over the course of the 2016-17 financial year. The degree to which growth in the construction sector is being driven by good or poor public policy is another question altogether.

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## Dr Yashar Tarverdi



### WA's unique labour market features uncovered

The WA labour market is growing, with just under 3,000 more people employed in the last month and a 2.6% growth in employment from August 2016. WA's unemployment rate shows no change in comparison to July 2017, but since August 2016 there has been a 0.7 percentage point reduction in WA's unemployment rate, distributed almost evenly between genders.

When comparing industries, WA stands out. In the past year, construction has been among the State's bottom performers, with a 5.7% reduction in employment. On the other hand, the utility sector is one of WA's top performers, recording 17.8% growth in employment. The pattern is almost reversed in the other states, with the utility sector generally recording a drop in employment, and the construction sector workforce increasing.

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Table 1: Employment Changes - states and territories

Nationally, employment continues its positive growth trajectory according to the latest labour force data released by ABS, growing by 2.6% on year-to-date measures. Between July and August 2017, 27,100 more people were employed; 21,500 in full-time positions and 5,600 in part-time employment.

Tasmania recorded the highest year-to-date growth across states and territories, rising 4.0% since August 2016, while in NT the workforce contracted by 1.7%. Excluding NT, all other states and territories showed positive growth in employment. In absolute terms, Queensland added the most number of employed since July 2017, some 10,600 more. There are 1,300 fewer people employed in NT since last month.

From July 2017, all states and territories except the NT recorded an increase in the number of people working full-time. On year-to-date measures full-time employment growth has been strongest for WA at 4.8%, followed by NSW (3.8%) and Victoria (3.6%).

Changes in part-time employment are mixed across states and territories. Over the last year, NSW and WA were the only two states to record a fall in part-time employment. However, most of WA's employment growth in the last month stemmed from increases in the number of part-time workers, whereas for NSW full-time jobs have been the driving force. Victoria, NT and ACT all saw a reduction in part-time employment since July 2017.

	Employed Persons ('000)	Change from:		Change from Jul-2017 ('000)		Change (%) from Aug-2016			
		Aug 2017	Jul-2017 ('000) Rank	Aug-2016(%) Rank	Full-Time	Part-time	Full-Time	Part-time	
Australia	12,249.5	▲ +27.1	---	▲ +2.6%	---	+21.5	+5.6	▲ +3.1%	▲ +1.4%
NSW	3,875.0	▲ +8.0	2	▲ +1.6%	6	+13.0	-5.0	▲ +3.8%	▼ -3.1%
VIC	3,160.2	▲ +4.6	3	▲ +3.2%	3	+6.1	-1.5	▲ +3.6%	▲ +2.4%
QLD	2,429.7	▲ +10.6	1	▲ +3.7%	2	+1.7	+8.9	▲ +1.6%	▲ +8.6%
SA	827.0	▲ +2.0	5	▲ +1.8%	5	+1.5	+0.5	▲ +2.6%	▲ +0.5%
WA	1,366.6	▲ +2.9	4	▲ +2.6%	4	+0.8	+2.1	▲ +4.8%	▼ -2.0%
TAS	246.5	▲ +0.6	6	▲ +4.0%	1	+0.1	+0.4	▲ +1.4%	▲ +8.9%
NT	132.2	▼ -1.3	8	▼ -1.7%	8	-0.7	-0.6	▼ -3.4%	▲ +4.9%
ACT	217.1	▲ +0.3	7	▲ +1.0%	7	+0.4	-0.1	▼ -0.1%	▲ +3.9%

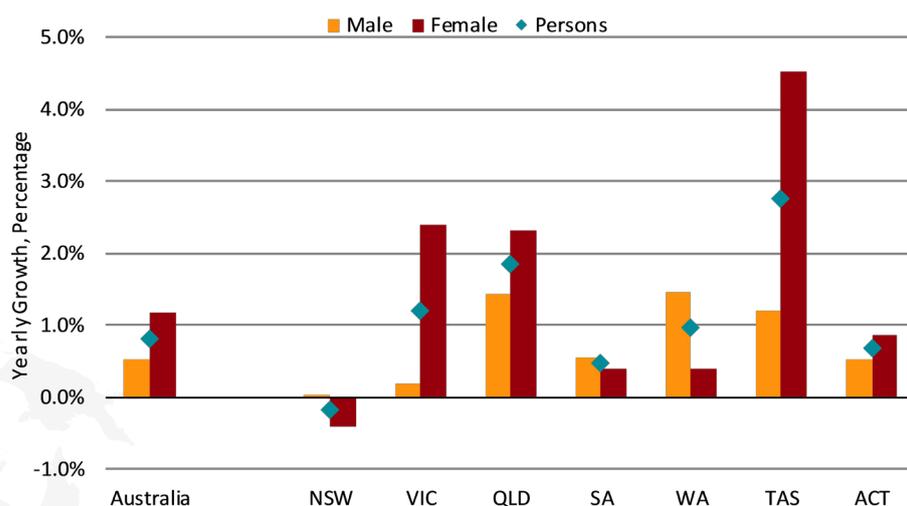
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

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

Figure 1: Growth in Labour Force Participation Rate – states and territories

The labour force participation rate (LFPR) has again grown for both men and women at a national level over the month. Growth in the female LFPR (at 1.16%) is higher than for males (0.52%), with average national growth coming in at 0.82%. This short-term growth in labour force participation is a sign that more people, and especially more women, are searching for work.

Participation grew for men and women in all states and territories, with the exception of NSW where labour force participation fell by 0.18% for women. Tasmania has shown the strongest growth in the female LFPR, with annual growth of some 4.5%, while WA posted the highest growth in male LFPR, nearly 1.5%. The lowest growth in female LFPR belonged to SA with a 0.40% increase. Victoria reported the lowest growth in male LFPR with 0.18%, just behind NSW.



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

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

Table 2: Unemployment Changes – states and territories

For the third consecutive month, the national unemployment rate stayed at 5.6% on both trend and seasonally adjusted figures. Since August 2016, unemployment nationally fell by 0.1%. The latest ABS data estimates there are now more than 723,000 persons unemployed in Australia, with the majority located in Victoria, NSW and Queensland. While an additional 3,200 people in Australia are now unemployed compared to this time last year, last month has seen a reduction of 2,200 in the number of unemployed.

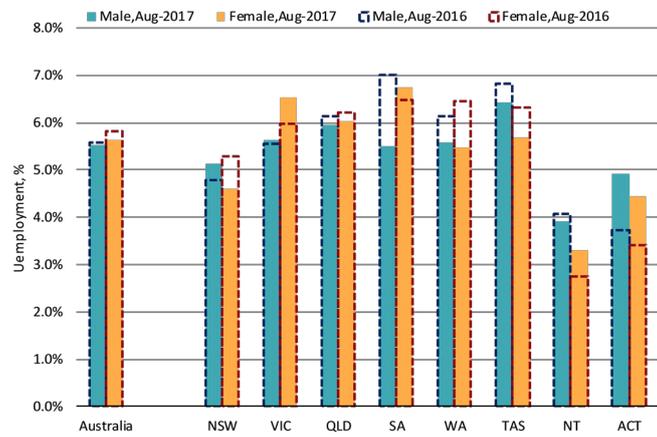
Across the states and territories, the NT has the lowest unemployment rate (3.6%). When it comes to the highest unemployment rates SA, Victoria and Tasmania rank equal first at 6.1%.

	Unemployment Rate	Rank	Change (ppt) from:		Unemployed ('000)		Change ('000) from:	
			Jul-2017	Aug-2016	Aug-2017	Jul-2017	Aug-2016	
Australia	5.6%	--	■ 0.0	▼ -0.1	723.2	▼ -2.2	▲ +3.2	
NSW	4.9%	3	■ 0.0	▼ -0.1	198.9	▲ +0.9	▼ -2.6	
VIC	6.1%	6	■ 0.0	▲ +0.3	203.7	▲ +0.2	▲ +17.3	
QLD	6.0%	5	▼ -0.1	▼ -0.2	154.9	▼ -2.0	▲ +1.2	
SA	6.1%	8	▼ -0.2	▼ -0.7	53.7	▼ -2.1	▼ -5.3	
WA	5.5%	4	■ 0.0	▼ -0.7	80.1	▼ -0.2	▼ -9.1	
TAS	6.1%	7	■ 0.0	▼ -0.5	15.9	▲ +0.1	▼ -0.8	
NT	3.6%	1	▲ +0.2	▲ +0.1	5.0	▲ +0.2	▲ +0.1	
ACT	4.7%	2	▲ +0.1	▲ +1.1	10.7	▲ +0.3	▲ +2.7	

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

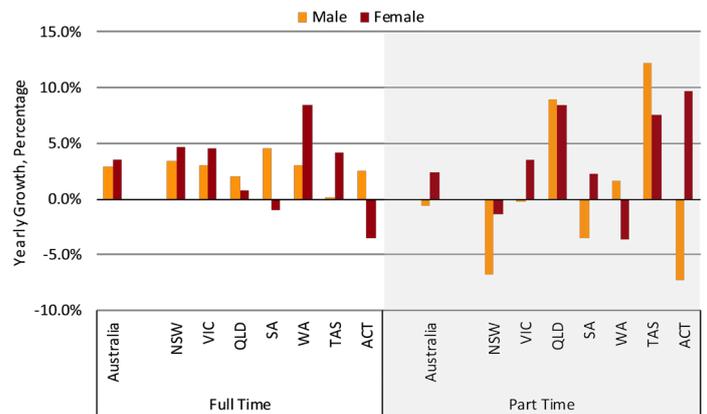


Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0  
Notes: Trend values are used.

In the year since August 2016, the national unemployment rate for men has decreased slightly, from 5.6% down to 5.5%. The reduction in the female unemployment rate is more noticeable, dropping from 5.8% to 5.6%. WA, Tasmania and Queensland saw unemployment rates fall for both genders, while Victoria and the ACT were the only two jurisdictions to record an increase in the unemployment rate for both genders. The female unemployment rate for the NT and SA grew, whereas their male counterparts shrunk.

Unemployment rates fell in WA for both genders, with the female unemployment rate reducing by almost 1 ppt over the year to August 2017 – the highest among all states. SA posted the largest year-to-date fall in the male unemployment rate, a decrease of 1.5 ppts.

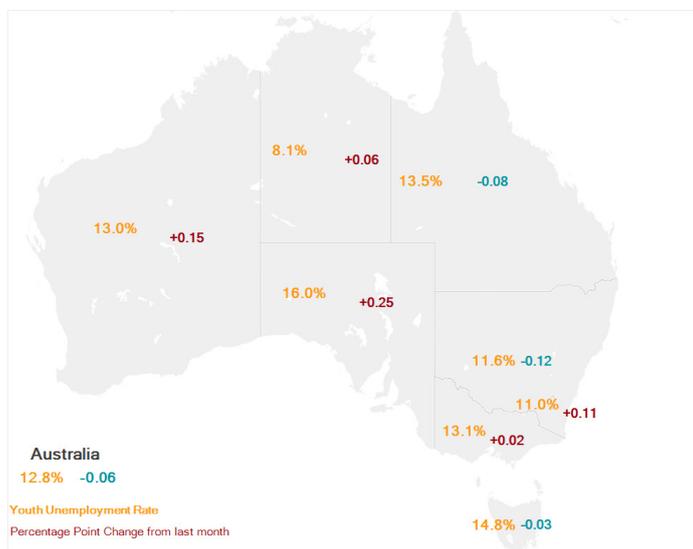
Figure 3: Yearly growth in full-time and part-time Employment Rate by gender



Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0  
Notes: Trend values are used – Figures show growth from May 2016 to May 2017.

There has been overall growth in full-time employment for both men (2.9%) and women (3.6%) over the past year. Only SA and the ACT have recorded a reduction in female full-time employment since August 2016. Male full-time employment has grown across all jurisdictions on year-to-date measures. Growth in female full-time employment was the highest in WA – a heroic 8.4% - whereas SA recorded the highest growth in male full-time work, around 4.5%. Growth in part-time employment is mixed. At a national level, male part-time employment shrunk slightly (down 0.6%), whereas female part-time employment grew by 2.4%. SA, ACT and NSW saw a decline in male part-time employment, with NSW also seeing a fall in the size of their female part-time workforce. WA also recorded a fall in female part-time employment, dropping 3.6%.

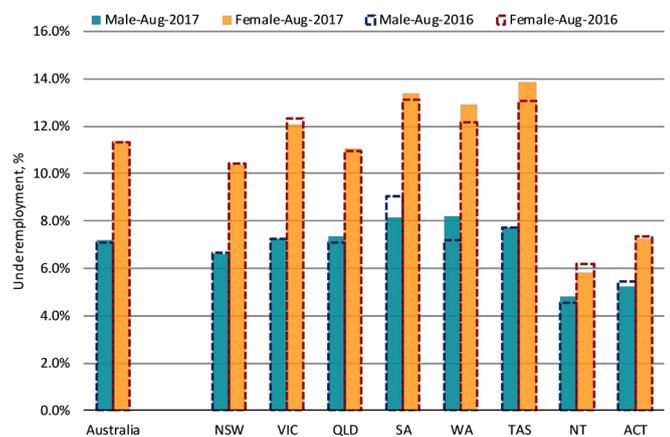
Figure 4: Youth Unemployment – states and territories



Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0  
Notes: Figure shows unemployment rate for 15 to 24 years olds – For states and territories values are smoothed using 13-month rolling average. Percentages are rounded.

Australia's youth unemployment rate currently sits at 12.8%. The only jurisdictions with a youth unemployment rate lower than the national average are the ACT (at 11.0%) and NSW (at 11.6%). Although the remaining states record higher youth unemployment rates than the national average, Tasmania and Queensland both saw these rates fall in the past month. NSW's youth unemployment rate also fell by 0.12 ppts. SA has again posted the highest youth unemployment rate, increasing by 0.25 ppts in the past month. The lowest youth unemployment rate is in NT, at 8.1%.

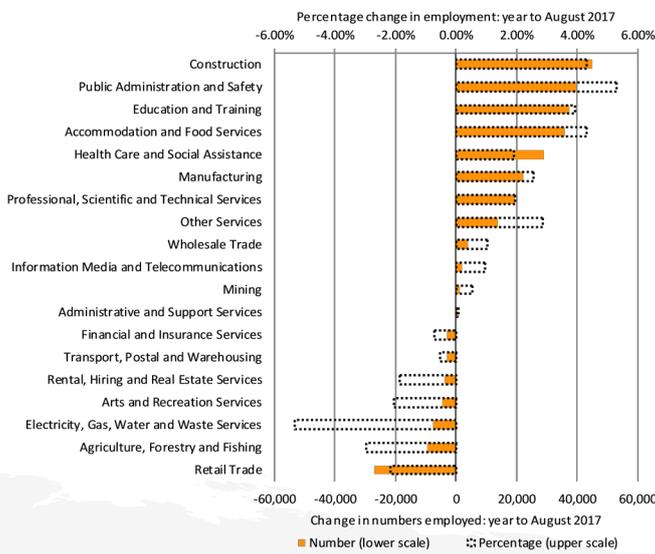
Figure 5: Underemployment Ratio by gender - states and territories



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.

At a national level, there has been no significant change in the underemployment ratio over the last 12 months. The gap between female and male underemployment remains substantial, both at a national level and across state and territory jurisdictions. WA is the only state where underemployment increased for both genders, reaching 12.9% for women and 8.2% among men. SA has seen the greatest fall in underemployment among men, with a decrease of 0.9 ppts. Overall, while the gap between male and female underemployment is narrower in the two territories, the difference is far greater nationally and for all states.

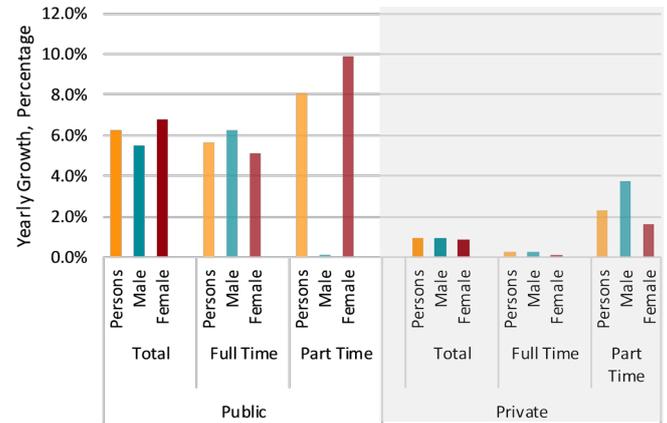
Figure 6: Growth in Total Employment by Industry



Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau Of Statistics Cat No 6291.0.55.003  
Notes: Values are smoothed using 5 period moving average.

Nationally, the Construction industry recorded the largest growth in terms of the number of people employed over the year to August 2017, adding more than 45,000 people to the workforce. This is followed closely by Public Administration and Safety, with an additional 40,000 workers added to the sector and the highest yearly employment growth at 5.3%. The Education and Training and Accommodation and Food services sectors also saw strong employment growth on year-to-date measures; 3.9% and 4.3% respectively. The Retail trade shed the most workers, some 27,000 fewer employees shared equally between part and full-time workers, equivalent to a loss of around 2.1% of their workforce. The Utility sector saw the greatest contraction in percentage terms, with the workforce shrinking 5.3% in the year to August 2017.

Figure 7: Yearly growth in full-time and part-time Employment



Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau Of Statistics Cat No 6291.0.55.003  
Notes: Values are smoothed using 5 period moving average.

Over the last 12 months, the public sector has seen the strongest employment growth at 6.2%. This contrasts with a far more modest growth of 1% in private sector employment over the same period. Across both the public and private sectors, part-time employment increased more than full-time: public sector part-time employment has grown by 8% on year-to-date measures, with 2.3% growth in the private sector. Growth in public sector female part time employment has been the strongest, at 9.8%. Growth in male full-time employment in the public sector is higher than their female counterparts, at 6% compared with 5.1%. This pattern is reversed in the private sector, with male part time employment growing more, at 3.7%, compared to 1.6% for women.

Table 3: Industry performers in employment, Yearly growth by states and territories

Rank	NSW	VIC	QLD	SA	WA	TAS
Top Performers						
1	Construction +9.1% [+29.2]	Mining +17.5% [+1.6]	Public Administration and Safety +10.8% [+16.4]	Arts and Recreation Services +19.6% [+2.4]	Agriculture, Forestry and Fishing +25.1% [+7.1]	Mining +18.9% [+0.5]
2	Mining +8.4% [+3.2]	Other Services +16.5% [+18]	Construction +10.0% [+20.8]	Administrative and Support Services +16.3% [+4.7]	Electricity, Gas, Water and Waste Services +17.8% [+2.8]	Wholesale Trade +12.8% [+0.7]
3	Public Administration and Safety +7.6% [+15.7]	Education and Training +8.7% [+21]	Accommodation and Food Services +9.7% [+16.3]	Mining +10.9% [+0.9]	Financial and Insurance Services +13.9% [+4.1]	Administrative and Support Services +12.4% [+0.7]
Bottom Performers						
19	Electricity, Gas, Water and Waste Services -13.4% [-5.6]	Arts and Recreation Services -10.9% [-6.9]	Electricity, Gas, Water and Waste Services -11.9% [-3.4]	Professional, Scientific and Technical Services -10.5% [-5.9]	Information Media and Telecommunications -6.2% [-1]	Rental, Hiring and Real Estate Services -12.7% [-0.5]
18	Agriculture, Forestry and Fishing -10.1% [-8.8]	Electricity, Gas, Water and Waste Services -5.1% [-1.9]	Agriculture, Forestry and Fishing -6.3% [-3.6]	Agriculture, Forestry and Fishing -7.6% [-2.7]	Construction -5.7% [-8.2]	Public Administration and Safety -5.1% [-0.9]
17	Rental, Hiring and Real Estate Services -6.6% [-4.6]	Information Media and Telecommunications -3.7% [-2.2]	Wholesale Trade -6.1% [-4.2]	Accommodation and Food Services -6.7% [-3.7]	Transport, Postal and Warehousing -5.3% [-3.7]	Accommodation and Food Services -4.2% [-0.9]

Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau Of Statistics Cat No 6291.0.55.003  
Notes: Values are smoothed using 5 period moving average. Values show yearly growth in period of August 2016 to August 2017 - Values in [#] represent ('000) person change. The growth of top performer is marked with green while the bottom performer is marked red.

One of the consistent top performers across the states is Mining; adding 3,200 more jobs in NSW (up 8.4%), 1,600 more jobs in Victoria (up 17.5%) and 18.9% and 10.9% growth in Tasmania and SA respectively – noting the relatively low employment base of the sector in these states.

Public administration and safety is another top performer across several states, while the Utility sector is frequently among the bottom performers, especially among the most populous states of NSW, Victoria and Queensland. In NSW, the Utility sector has shed the most number of jobs over the last 12 months, some 5,600 workers (down 13.4%). For WA, agriculture remains the state's top performer, adding some 7,100 employees, and increase of fully a quarter of its workforce. WA's Construction sector continues to lag, with employment in the sector falling by 8,200 over the year to date (down 5.7%). In contrast, Construction is the top performing industry in NSW, adding 29,200 more employees, an annual growth of 9.1%. Construction also performed well in Queensland, increasing by 10%, and adding 20,800 workers over the last year.

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