

BCEC

Bankwest Curtin Economics Centre

LABOUR MARKET UPDATE

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

Professor Alan Duncan



A tale of two states - NSW and Victoria

The two most populous states have followed very different paths when it comes to the unemployment narrative. NSW now enjoys the lowest unemployment rate across all major states - beaten only by Australia's two territories. At 4.8%, NSW's unemployment is lower than at any time since July 2008, having fallen by 0.2ppt in the year to September 2017 and by 1.4ppt since January 2015. On the other hand, Vic has endured by far the sharpest rise in the number of unemployed - an additional 14,700 people during the year to September 2017. This has taken the trend unemployment rate to 6.0%, the highest across all jurisdictions.

Although the number of employed in Vic has grown by 96,500 over the last year, the size of the labour force has increased by 111,200 over the same period - a function of the State's strong population growth. This is one of the reasons why Vic's unemployment rate remains stubbornly high. Increases in the number of employed people rarely tell the whole story. Rather, they need to be placed in the broader population and labour market context. A growing population creates opportunities for economic growth, but only if jobs creation can keep pace.

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Associate Professor Rebecca Cassells



Female labour force participation at all-time high

More Australian women than ever before are now either working or looking for work, with the female labour force participation rate (LFPR) reaching 59.9% on trend data. And the 10.9ppt LFPR gap between men and women is narrower now than at any point in the last forty years. But labour market dynamics differ across the country, evidenced by the contrasting unemployment and underemployment patterns for men and women across state jurisdictions.

On a positive note, increasing participation rates among women have been accompanied by a falling unemployment rate - nationally now almost on par with men. On the other hand, we are also still observing rising female labour force participation go hand in hand with higher female underemployment, which remains a stubborn 1.6 times greater than men's. These trends emphasise the need to broaden women's access to employment opportunities and to make sure we have the right policy settings afoot to do so - childcare reform being the most obvious starting point.

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Dr Yashar Tarverdi



WA's employment is on the right path

The WA labour market continues to strengthen on a number of key measures. WA recorded the highest annual growth in full time employment of all states and territories, an increase of 4.9% in the year to September 2017. The number of people working part-time in WA has also stabilised over the last year, after a period of strong growth up to the middle of last year. This suggests that WA's labour market is experiencing a reversal of the recent trend to part-time work. The suggestion is further reinforced by the fact that average monthly hours worked by WA employees increased by 1.9% over the year to September 2017, to 143 hours per month, the second highest across all states and territories.

The strength of WA's labour market has brought about a sharp fall of 0.8ppt in the state's unemployment rate, to 5.6%, with 9,600 fewer people now unemployed compared to a year ago. These positive signs give cause for optimism, and should provide government and industry with renewed motivation to drive forward the State's labour market recovery.

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Table 1: Employment changes - states and territories

For another month in succession, the Australian labour market has shown positive signs on both year-to-date and monthly measures.

Overall, there are around 24,000 more people employed in Australia since August 2017, putting total employment close to 12.3 million. Nationally, since September last year, full-time employment grew faster than part-time growth, 3.3% compared with 1.7%.

Employment growth is consistent across all states and territories except for NT, where there has been a 2.4% fall since September last year.

Since August 2017, NSW and Qld have added 7,700 and 7,500 employed persons respectively. Overall, employment in Qld has grown by 4.1%

since September last year, however, this increase is mainly derived by an expansion of part-time employment in the state (9%). On the other hand, full-time employment growth has been driving the gains we are seeing in NSW, up 4.4% on year-to-date measures. WA has seen a similar pattern, with stronger full-time employment over the last year relative to part-time growth

	Employed Persons ('000)	Change from:				Change from Aug-2017 ('000)		Change (%) from Sep-2016	
		Aug-2017 ('000)	Rank	Sep-2016(%)	Rank	Full-Time	Part-time	Full-Time	Part-time
Australia	12,281.2	▲ +23.8	--	▲ +2.8%	--	+16.0	+7.7	▲ +3.3%	▲ +1.7%
NSW	3,887.4	▲ +7.6	1	▲ +2.1%	5	+11.8	-4.1	▲ +4.4%	▼ -3.0%
VIC	3,168.7	▲ +5.6	3	▲ +3.1%	3	+3.1	+2.5	▲ +3.5%	▲ +2.4%
QLD	2,436.8	▲ +7.5	2	▲ +4.1%	1	+1.7	+5.8	▲ +1.9%	▲ +9.0%
SA	828.1	▲ +1.5	5	▲ +1.9%	7	-0.5	+2.0	▲ +1.7%	▲ +2.1%
WA	1,369.1	▲ +2.0	4	▲ +2.9%	4	+0.2	+1.8	▲ +4.9%	▼ -1.2%
TAS	246.7	▲ +0.3	7	▲ +3.9%	2	-0.4	+0.7	▲ +0.9%	▲ +9.3%
NT	131.4	▼ -0.8	8	▼ -2.4%	8	-0.3	-0.5	▼ -3.4%	▲ +1.5%
ACT	219.5	▲ +1.0	6	▲ +2.0%	6	+1.0	-0.0	▲ +1.6%	▲ +3.1%

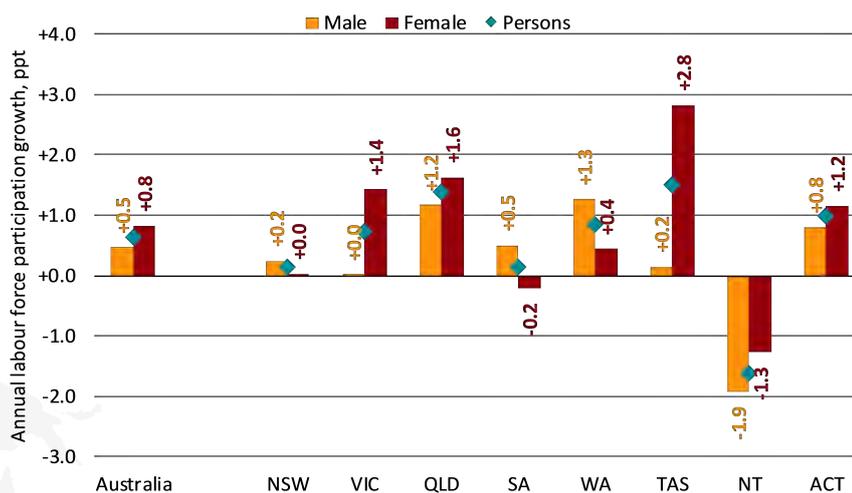
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

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

Figure 1: Year-to-date growth in labour force participation rates – states and territories

The labour force participation rate (LFPR) grew nationally by around 0.65 percentage points (ppt) over the year to September 2017 on trend figures, and at nearly twice the rate of increase for women (up 0.82ppt) compared with men (up 0.47ppt). Significantly, more Australian women than ever are now either working or looking for work. The overall LFPR at September 2017 is now 65.2%, with the 10.9ppt LFPR gap between men (at 70.8%) and women (at 59.9%) narrower than at any point in the last forty years.

The year-to-date growth in female LFPR was especially pronounced in Tas (up 2.8ppt), Qld (up 1.6ppt) and Vic (up 1.4ppt), offset by much lower growth in WA (up 0.4ppt over the year to September 2017) and a fall in NT (down 1.3ppt) and SA (down by 0.2ppt). Male LFPR grew most strongly in the two mining states of Qld and WA – by 1.2 and 1.3ppt respectively – and in ACT (up 0.8ppt over the year to September 2017).



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

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

Table 2: Unemployment changes – states and territories

The national unemployment rate has remained unchanged at 5.5% since August 2017 on trend values. There are currently 716,600 unemployed people looking for work, fractionally down by 2,200 over the last month.

Vic has endured by far the sharpest rise in the number of unemployed – an additional 14,700 people over the year to September 2017. This has taken the trend unemployment rate to 6.0%, the highest across all jurisdictions.

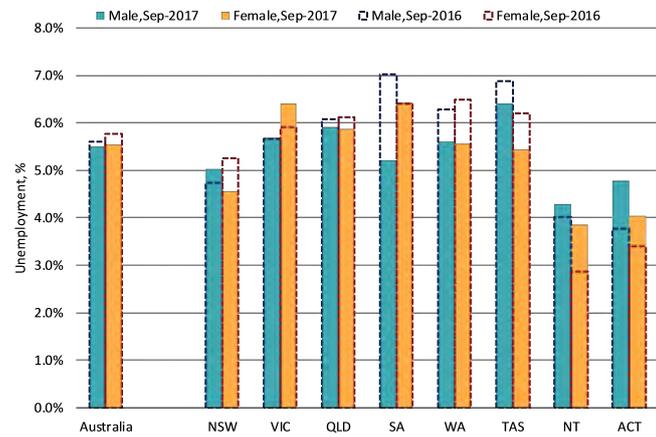
Unemployment rates have fallen on year-to-date measures for all other states, substantially so for SA (down 0.9ppt to 5.8%) and WA (down 0.8ppt to 5.6%), but have risen in the two territories. NT's unemployment rate rose 0.2ppt from last month, albeit from the lowest base, while ACT has seen the highest year-to-date unemployment rate increase, up 0.8ppt to 4.4%.

	Unemployment Rate	Rank	Change (ppt) from:		Unemployed ('000)	Change ('000) from:	
			Aug-2017	Sep-2016		Sep-2017	Aug-2017
Australia	5.5%	--	■ 0.0	▼ -0.2	716.6	▼ -2.2	▼ -2.2
NSW	4.8%	3	■ 0.0	▼ -0.2	196.4	▲ +0.2	▼ -3.2
VIC	6.0%	8	■ 0.0	▲ +0.2	203.1	▲ +0.2	▲ +14.7
QLD	5.9%	6	▼ -0.1	▼ -0.2	152.7	▼ -1.6	▲ +0.8
SA	5.8%	5	▼ -0.2	▼ -0.9	50.9	▼ -2.1	▼ -7.8
WA	5.6%	4	■ 0.0	▼ -0.8	81.1	▲ +0.1	▼ -9.6
TAS	5.9%	7	■ 0.0	▼ -0.6	15.6	■ 0.0	▼ -1.1
NT	4.1%	1	▲ +0.2	▲ +0.6	5.6	▲ +0.3	▲ +0.7
ACT	4.4%	2	■ 0.0	▲ +0.8	10.2	■ 0.0	▲ +2.1

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

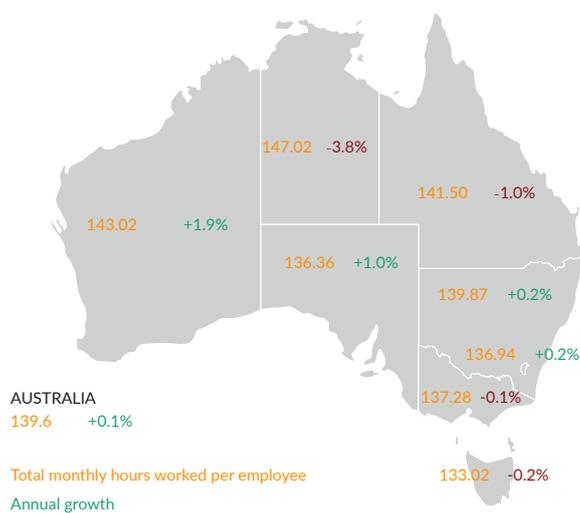


Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0
Notes: Trend values are used.

Unemployment rate changes have varied across states and territories, and between men and women, over the year to September 2017. In WA and Tas, unemployment rates fell significantly for both women and men over the year to September 2017. Female unemployment rates fell 0.9ppt over the year in WA on trend measures, and by 0.7ppt in Tas.

For men, unemployment rates fell in WA and Tas by 0.7ppt and 0.5ppt respectively. In contrast, the overall unemployment rate rise in Vic was driven entirely by an increase in the female unemployment rate, up 0.5ppt to 6.4% over the year to September 2017. Female unemployment rates also rose strongly in NT and ACT, up 0.9ppt and 0.6ppt respectively over the year.

Figure 4: Average monthly hours of worked per employee – states and territories

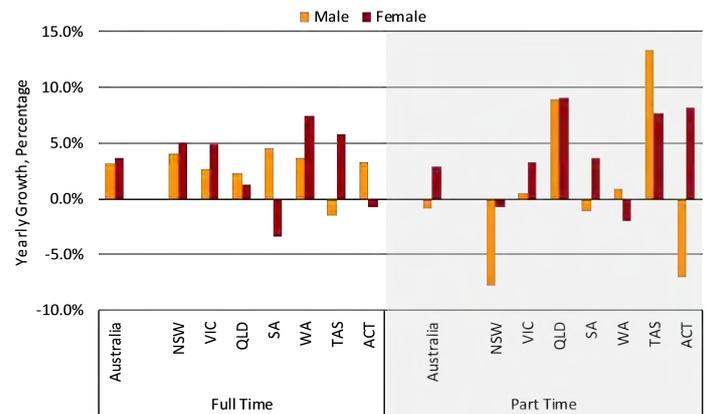


Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0
Notes: Figure shows average monthly hours worked per employee, along with the associated percentage change in monthly hours between September 2016 and September 2017. For states and territories, values are smoothed using a 13-month rolling average. Percentages are rounded.

Total monthly hours worked per employee across Australia increased fractionally to 139.6 hours in September 2017 compared with a year ago. Employees in NT worked an average of 147.0 hours per month, the greatest among all states and territories, but this has fallen by some 3.8% over the year. The two mining states of WA and Qld rank second and third, at 143.0 and 141.5 hours per month respectively.

WA's average monthly hours rose by 2.6 hours since September 2016 (up 1.9%). Conversely, monthly hours in Qld fell by 1.4 hours (down 1%) over the same period.

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

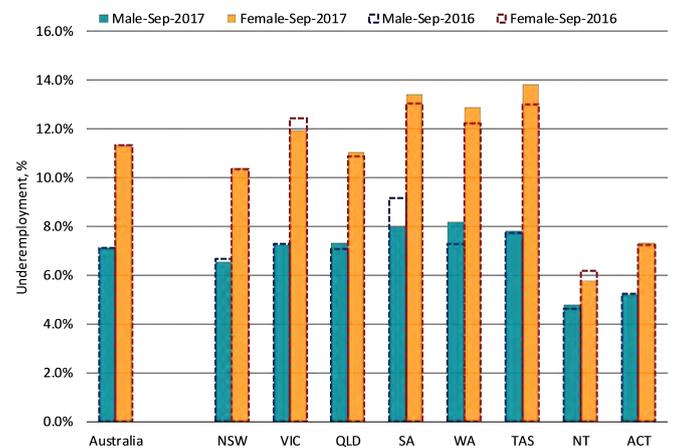


Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0
Notes: Trend values are used – Figures show growth from September 2016 to September 2017.

Male full-time employment continued to rise in all states and territories other than Tas, with the number of men employed up at least 4% in NSW and SA, and 3.7% in WA, over the year to September 2017. Growth in female full-time employment has been especially strong in WA, at 7.4% on year-to-date measures, and in Tas, at 5.7%. In contrast, female full-time employment in SA is down 3.4% over the year.

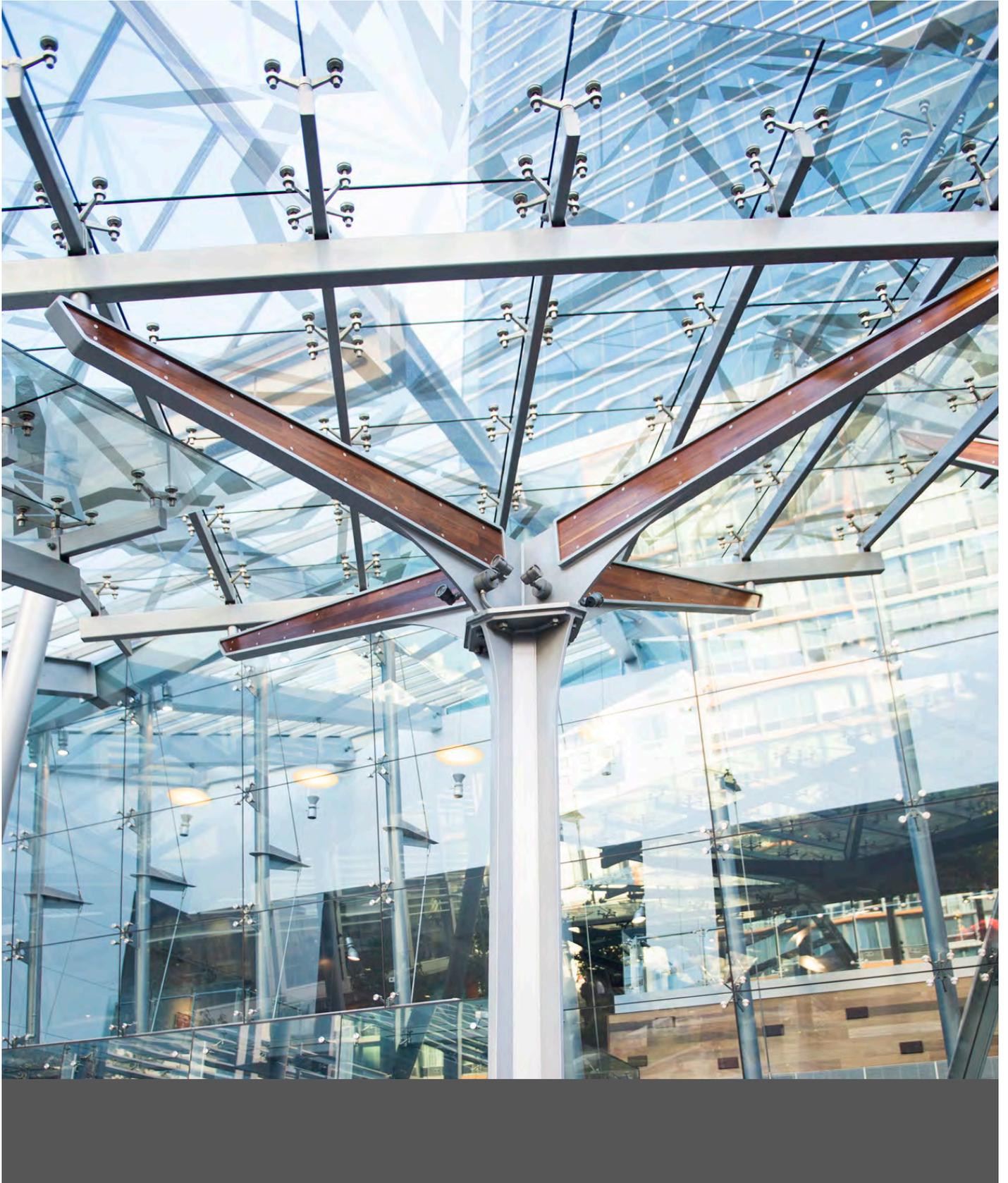
Qld is showing the strongest combined growth in part-time employment for women and men (both up by more than 8% over the year to September 2016) while NSW is down 7.5% year-to-date.

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 total number of people employed.

The national underemployment ratio remained stable over the year to September 2017, with higher underemployment among women (at 11.4%) than men (at 7.1%). Yet this conceals some notable state differences, with female underemployment on the rise in SA, WA and Tas on year-to-date measures. Indeed, underemployment in WA again increased for both men and women, rising by 0.63ppt to 12.9% for women and by 0.87ppt to 8.2% for men. Male underemployment continues to fall strongly in SA, with a decrease of 1.2ppt now bringing the SA rate to 8.0%, below WA at 8.2%. Underemployment is less prevalent as an issue in the two territories, and with less of a gap between men and women.



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