The BCEC Monthly Labour Market Update is based on estimates from the ABS monthly labour force survey. These estimates are subject to sampling variability.

Mining, Utilities and Arts & Recreation - Industries to watch in 2019

2018 was a good year for both the Australian economy and the labour market. NSW and Victoria in particular saw strong labour market growth over this period, with unemployment rates falling to well below national levels.

The two biggest employers – the Health Care and Construction sectors - have played a major role in the employment growth we have seen in the last 12 months, adding more than 100,000 workers between them. Other key sectors have emerged too, with strong employment growth in the Mining, Arts and Utility sectors, each growing by around 9% in the last year.

Arts and Recreation - closely linked to the tourism sector - is a top three performer in Vic, NSW and WA. For Vic, this saw the Arts and Recreation workforce expand by around 12,000 workers. Strong growth in the Utilities sector is also evident, with Qld and WA leading the way. Mining will be the sector to watch in 2019, with strong employment growth expected to continue over the next 12 months and beyond. Global demand for our commodities, particularly LNG, lithium and iron ore, will drive these trends and the industry is responding with several new large-scale projects to commence this year.

The year ahead - What does 2019 hold for the Australian labour market?

The last 12 months has seen Australia's labour market on the whole do well. Australia added 280,000 workers to the economy, with an overall growth rate of 2.3% and unemployment fell from 5.5% to 5.0%. Two-thirds of the jobs added over the course of 2018 were in full-time work, and private sector growth has been stronger than public.

Underemployment ratios still remain high, but as discussed in previous updates may not be as big a problem as we think, driven mostly by young people combining work and study and likely a temporary state. Wages on the other hand are still very steady, with only marginal growth seen in the last quarter of 2018.

So what does 2019 have in store for national and state labour markets? Will we see more jobs being created, wages growth and sustained low unemployment? Current signs in the economy are pointing towards a positive year ahead, with mining activity on the rise both in terms of investment and labour market growth and continued strong demand in the services and education sectors. But positive economic conditions in 2018 didn't necessarily translate into higher wages. Other levers may need to be pulled in the year ahead.

Lowering the unemployment rate a never-ending marathon for WA

In our October 2018 release, we reported that WA's unemployment rate dropped to just below 6%, making it the second highest unemployment rate in the country. Unfortunately WA hasn't followed the same trajectory, and is back to recording the highest unemployment rate in the country, at 6.4%.

WA has the country’s highest u/e rate among men (6.6%), second highest female u/e rate (6.2%) and second highest youth u/e rate (14.5%). However, given the slow, yet rising trend, of employment in the State’s major industries, we can speculate a much better future for WA's labour market.

Arts and Recreation was the top industry performer within the State, adding 13.2% to its employment size, equivalent to 3,500 persons. The Manufacturing and Utility sectors were also strong performers their workforces growing by 13.2% and 11.8% respectively. And growing at 11.5%, WA's Mining workforce was fourth in the State.

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Nationally, employment continues its positive growth trajectory growing by 2.3% on year-to-date measures to December 2018, according to the latest labour force data released by ABS. Between November and December 2018, 23,100 more people gained employment; 11,800 in full-time and 11,200 in part-time positions.

Tas, the NT and ACT had negative growth in the year from December 2017, with the NT recording a -2.3% decrease in their labour market size. The highest growth was in Vic with a 3.5% increase. The lowest positive growth was in WA with a 0.8% increase. Looking at full-time and part-time growth from December 2017, the NT is the only region with negative growth in both. The highest growth in full-time employment was in Vic (+4.6%) with WA recording the second highest growth rate (+3.5%). Following the NT's -6.5% shrinkage, WA had the second highest negative growth in part-time employment across the year to December 2018, a reduction of -4.7%. From November to December 2018, there were 12,000 more employed persons in Vic, the highest change across all states and territories. NSW and Qld were in second and third place, with 6,400 and 6,000 more employed persons. In the month from November 2018, the increase in full-time employment in Australia was slightly higher than in part-time employment, 11,800 vs 11,200 more employed persons. Tas was the only region with a reduction in the size of full-time employment, 500 less persons, while Vic added 5,200 more full-time employees. Vic also had the highest positive change in the number of part-time workers, 6,700 more from November 2018.

Table 1: Employment changes - states and territories

<table>
<thead>
<tr>
<th>Employed Persons (’000)</th>
<th>Change from:</th>
<th>Change from:</th>
<th>Change (%) from:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>12,711.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NSW</td>
<td>4,054.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VIC</td>
<td>3,353.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>QLD</td>
<td>2,502.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SA</td>
<td>843.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WA</td>
<td>1,344.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TAS</td>
<td>248.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NT</td>
<td>133.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACT</td>
<td>226.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Unemployment changes – states and territories

For some time now, the national unemployment rate has hovered around 5.0%, with only some marginal monthly changes. From November 2018, the national unemployment rate remained at 5.0%, while it has reduced by 0.5ppt in the year to December 2018. The 5% unemployment rate equates to almost 671,000 unemployed persons, some 47,000 less than a year ago.

Across states and territories, the ACT has the lowest unemployment rate, at 3.6%. The other two regions with an unemployment rate less than the national average are NSW (4.3%) and Vic (4.4%). WA has the highest unemployment rate, at 6.4%, with Qld not far behind at 6.2%. Qld’s rate hasn’t changed from November 2018, but the State did record a 0.2ppt increase from December 2017.

For WA, the unemployment rate has increased by 0.55ppt over the last year and 0.1ppt in the last month. Almost all regions, excluding Vic, WA and Tas, had no change in unemployment rates in the month from November 2018, and the NT, WA and Qld are the only regions with increases from December 2017.

There has been significant change in the number of unemployed persons in the year to December 2018, with Vic reporting 42,200 fewer unemployed persons and 14,500 fewer in NSW. Meanwhile, Qld has seen 7,700 more people unemployed and WA 7,600 more in the last 12 months.

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In the year since December 2017, the national unemployment rate for men and women has decreased noticeably, from 5.4% to 5.0% for men, and from 5.5% to 4.9% for women. Our two most populous states, Vic and NSW, saw the same pattern of change with a reduction in the unemployment rate for both genders. WA’s male unemployment rate was the highest in the country at 6.6%, and female unemployment the second highest in the country at 6.2%. The highest female unemployment rate was in Tas with 6.5%. The lowest unemployment rates for both genders were in the ACT, 3.4% for men and 3.8% for women.

Compared with December 2017’s figures, the highest fall in male unemployment was in Tas with (-1.2ppts), while SA had the largest fall in female unemployment (-0.6ppts). Looking at increases to unemployment rates since December 2017, the NT and Tas stand out. Both regions recorded a 1.1ppt increase in gender-specific unemployment rates – the NT for male unemployment and Tas for female unemployment.

Overall, there has been growth in full-time employment for both men (+1.8%) and women (+2.9%) in the year to December 2018. Only the ACT recorded a reduction in full-time employment for both men and women. In the NT, male full-time employment reduced by 4.8% while female full-time employment grew by 4.1%. In Tas the picture is reversed: male full-time employment increased by 2% while female full-time employment shrank by 1.9%. In all other regions, full-time employment grew for both genders.

While women experienced higher growth in full-time employment, part-time work growth was higher over the last year. Part-time employment growth was highest in the ACT (+9.5%) while for women, growth was the highest in NSW (+3.2%). The largest reduction in female part-time employment was in the NT (-12.6%), while WA recorded the largest reduction in male part-time employment (-8%).

At a national level, there has been a very small decrease 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.

Qld is the only state where underemployment increased for both genders, reaching 12% for women and 7.4% among men. SA has seen the greatest fall in underemployment among men, with a decrease of 0.7ppts. 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.
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Nationally, the Health Care and Social Assistance industry recorded the largest growth in terms of the number of people employed over the last year, adding more than 66,000 people to the workforce. This is followed closely by Construction, with an additional 52,000 workers added to the sector.

The Mining, Arts and Utility sectors also saw strong employment growth over the past year: 8.8%, 8.9% and 8.2% respectively. The Other Services sector shed the most workers, some 6,100 employees, equivalent to a loss of around 1.2% of their workforce. The second highest drop in percentage terms, was in the Administrative and Support Services sector with the workforce shrinking by 0.82% in the last 12 months.

Over the last year, the private sector has seen the strongest employment growth, increasing by 2.9%. Growth in public sector employment was not far behind, totalling 2% growth. This was mostly derived by growth in public sector female full-time employment (5%). In the private sector, growth among part-time and full-time employment was relatively balanced, although women did fare better. In the last year, male full-time employment shrunk by -0.6% in the public sector, although there was 4.6% growth in male part-time employment.

Across Australian states and territories, Arts and Recreation Services in Vic saw the highest percentage growth in employment, +21.3% in the year to November 2018. In contrast, the WA Financial Services sector had the lowest growth in the country, shedding around one-fifth of its workforce (-20.1%).

In absolute terms, however, Construction in Vic saw the highest change, employing over 32,000 additional workers in the last year. Public Administration in NSW shed the most jobs in absolute numbers, losing more than 10,000 employees from its workforce.

Looking at the top three performers across all states, Arts and Recreation Services appears to be a regular feature, while Manufacturing and Administrative Support Services seem to be a common industry in the bottom performers. SA is the only state where the Arts was listed among the bottom three performers.

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

<table>
<thead>
<tr>
<th>Rank</th>
<th>NSW</th>
<th>VIC</th>
<th>QLD</th>
<th>SA</th>
<th>WA</th>
<th>TAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rental, Hire and Real Estate Services</td>
<td>+17.8%</td>
<td>+21.2%</td>
<td>+19.5%</td>
<td>+16.9%</td>
<td>+13.2%</td>
</tr>
<tr>
<td></td>
<td>[+11.2]</td>
<td>[+12.4]</td>
<td>[+11.4]</td>
<td>[+6.8]</td>
<td>[+5.8]</td>
<td>[+6.8]</td>
</tr>
<tr>
<td>2</td>
<td>Arts and Recreation Services</td>
<td>+8.6%</td>
<td>+12.9%</td>
<td>+12.5%</td>
<td>+14.4%</td>
<td>+13.2%</td>
</tr>
<tr>
<td></td>
<td>[+7.5]</td>
<td>[+10.1]</td>
<td>[+7]</td>
<td>[+7]</td>
<td>[+7]</td>
<td>[+7]</td>
</tr>
<tr>
<td>3</td>
<td>Retail Trade</td>
<td>+9.7%</td>
<td>+9.5%</td>
<td>+12.4%</td>
<td>+13.6%</td>
<td>+11.9%</td>
</tr>
<tr>
<td></td>
<td>[+22.1]</td>
<td>[+16.3]</td>
<td>[+11.7]</td>
<td>[+1.4]</td>
<td>[+2.1]</td>
<td>[+2.1]</td>
</tr>
</tbody>
</table>

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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 November 2017 to November 2018. Values in [ ] represent (‘000) person change. The top performer is marked in green while the bottom performer is marked red.