



Labour and economic snapshot: September quarter 2017

(NB: **quarterly averages** used for any **monthly** data)

Labour market conditions in the State improved slightly during the September quarter 2017, with a minor increase in the number of people employed, as well as a small rise in the State's labour force participation rate.

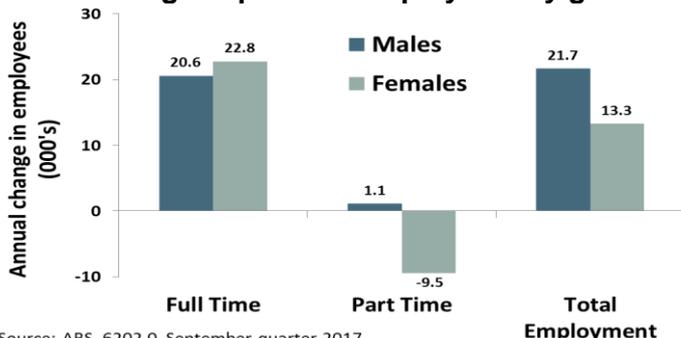
Employment in the State increased by 6,400 people during the September quarter, with **full time employment** growing by an estimated 3,200 persons (up by 43,300 workers over the year) and **part time workers** growing by 3,200 (down by 8,400 persons over the year). Despite this recent shift towards full time employment, the indexed chart below shows jobs growth in the State over the past two or so years has been dominated by growth in part time positions.

Full time and part time employment growth WA



Over the year to September 2017, there were large increases in full time employment, compared to part time employment, for both male and female workers. The number of males employed full time is the highest in 18 months, while the number of females employed full time is at its highest levels since the start of the current monthly labour force series (in 1978).

Annual change of persons employed – by gender



Industry drivers of jobs growth have been mixed. While nine out of 19 industries saw growth over the year to August 2017, job levels in two of the top five employing industries in the State fell, with jobs in Retail Trade down 6.6%, and jobs in Mining down 4.2%. The biggest jobs growth over the year was in Agriculture, Forestry and Fishing industry, which grew by 6,700 jobs.

The State's **labour market participation rate** rose from 67.8% in the June quarter to 68.0% in the September quarter. The State's total **labour force** (those employed together with those unemployed) now stands at around 1.45 million people, 1.2% higher than the same time last year.

Over the September quarter 2017 the State averaged around 81,800 unemployed people, which translated to an average **unemployment rate** of 5.7%, up 0.1 percentage point compared to the previous June quarter. Over the September quarter, the national unemployment rate remained steady, averaging 5.6%.

Quarterly Unemployment Rate – average



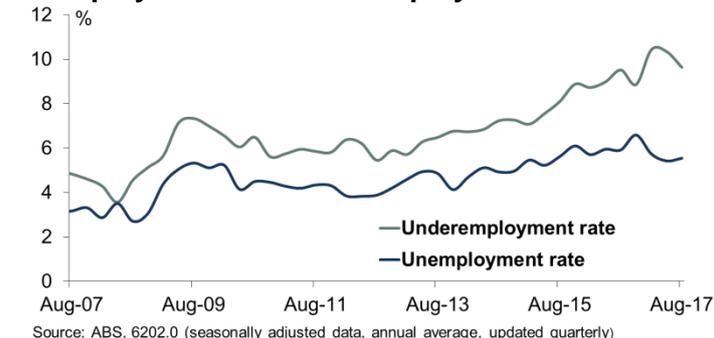
While the State's overall unemployment rate has come down somewhat (see chart above), Western Australia's annual average **youth unemployment rate** (for those aged 15 to 24 years) has been slowly increasing. At 13.3% the State's annual youth unemployment rate is now at its highest level in 15 years, and 0.5 percentage points higher than the national youth unemployment rate (of 12.8%). In particular, the number of **medium to long term unemployed youth** has been increasing.

Youth: Unemployed (000's) by duration – WA



The **underemployment rate** is the proportion of those persons already employed, but who are also both available and actively seeking to work more hours than they currently have (relative to the total labour force). The State's underemployment rate for August 2017 stood at 9.6%, higher than the national rate of 8.6%.

Unemployment and underemployment rate – WA

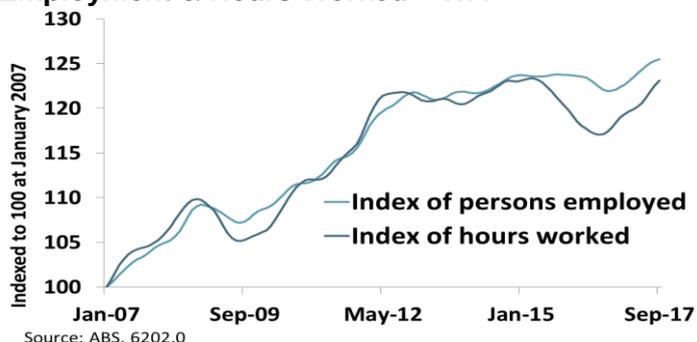




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Further to this, the indexed hours worked / job count chart below suggests that as conditions improve, the State's employers will be able to take advantage of such latent labour capacity by increasing the hours of existing employees, without having to hire new staff.

Employment & Hours Worked – WA



Other data on hours worked shows that in September 2017, employees in the State on average worked more hours per month than a year prior (143.0 hours compared to 140.4), which was the second highest in the nation.

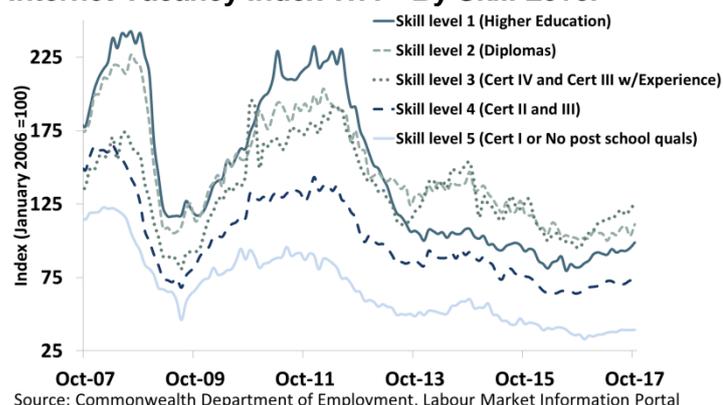
Average monthly hours worked per employee.

	NT	ACT	NSW	VIC	QLD	WA	SA	TAS	AUST
Hours Worked	147.0	136.9	139.9	137.3	141.5	143.0	136.4	133.0	139.6
Annual Growth	-3.8%	0.2%	0.2%	-0.1%	-1.0%	1.9%	1.0%	-0.2%	0.1%

Source: ABS, 6202.0, Trend.

Underscoring the softness inherent in the State's labour market over recent years, the **Internet Vacancy Index (IVI)** shows an overall fall in advertised job vacancies in Western Australia from early 2012 to the end of 2016. While the IVI data also shows that job vacancies currently remain quite low compared to previous highs, encouragingly job vacancies for most skill levels increased slightly over the September quarter 2017.

Internet Vacancy Index WA – By Skill Level



The IVI data also shows that while the State's resource boom saw demand for workers with university level qualifications peak, since 2012 such demand has fallen at a sharper rate relative to demand for workers with a qualification between Certificate II up to Diploma level. However, 'skill level five' job vacancies (those requiring a Certificate I or no post school qualification) saw a 9.2% fall over the year to September 2017, compared to the previous year. This underscores the importance of higher level post school qualifications for gaining and retaining employment in the current labour market.

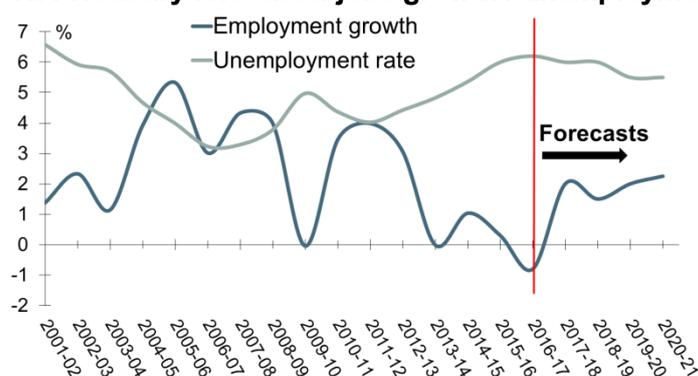
OUTLOOK

The *July 2017 Outlook* publication from the **Chamber of Commerce and Industry of Western Australia (CCI)** has a forecast average unemployment rate for the State of 6.2% across 2017-18, with the CCI then expecting this to ease slightly to 6.0% in 2018-19. The CCI also anticipate that as 'spare capacity' in the labour market narrows with rising domestic economic activity in the State over the next year or so, wages will grow by 1.8% in 2017-18, and then by 2.2% in 2018-19.

The latest forecasts from **Deloitte Access Economics (DAE)** in its *September quarter 2017 Business Outlook* publication suggest the current weak conditions in the State's labour market will only likely see a modest improvement from 2017-18 onwards. DAE expects the State to record a modest improvement in job levels, with jobs growth rising to 2.0% in 2017-18, before paring back to 1.1% in 2018-19 and 1.2% in 2019-20. The State's unemployment rate is expected to rise marginally, from 6.0% in 2017-18 to 6.1% in 2019-20.

WA Treasury forecasts from its 2017-18 Mid-Year Financial Projections Statement similarly suggest that mostly subdued conditions will continue in the State in the near term, with jobs growth of 2.0% forecast for 2017-18, slowing to 1.5% in 2018-19, before then gradually recovering to reach a yearly growth rate of 2.25% by the end of Treasury's forecast horizon (2020-21). Treasury expects the State's unemployment rate to average 5.75% in both 2017-18 and 2018-19, before gradually decreasing to 5.25% by 2020-21.

WA Treasury forecasts: jobs growth / unemployment



Source: ABS 6202.0 and WA Treasury

Western Australia had an estimated resident population of 2.58 million at the end of 2016-17 (latest data available), up by 0.8% over the year. However, not only was this much lower than national growth (of 1.6% for the same period) but it was also much lower than the State's last peak of 3.2% recorded just five years prior, predominantly driven by a sharp slowdown in the State's net overseas migration gains. WA Treasury expects the State will see annual population growth of 1.0% in 2017-18, steadily increasing to 1.8% by 2020-21, while Deloitte Access Economics forecasts annual average population growth of 0.9% rising to 1.6% for the same period.